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USAID FIRMS PROJECT

Baseline Survey of Fruit and Vegetable Markets of Punjab and Sindh

October, 2010

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Data Page

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Abstract

This report is based on the results and analysis of the Baseline Survey of four fruit and vegetable markets in the Punjab and Sindh provinces. The survey was initiated by the Firms Project for USAID as part of an ongoing study to suggest a new Agricultural Marketing Framework to the respective departments of agriculture. Four major fruits and vegetable mandis, namely Multan, Bahawalpur, Sukkur and Larkana, were selected for the detailed Baseline Survey covering all major stakeholders of the value chain.

The report consists of a background of the survey, analysis of market operations, marketing framework and Baseline Survey results and analysis. A detailed spot-check and physical inspection based on wide-ranging parameters and comparative marketing margins are also part of the report to supplement the baseline figures on marketing framework and market operations.

Abbreviations/Acronyms

CA	Commission Agent
CRCP	Consumer Rights Commission of Pakistan
FGD	Focus Group Discussion
KM	Kilometer
Mandi	Wholesale Market
MCB	Muslim Commercial Bank
MC	Market Committee
NGO	Non Governmental Organization
USAID	United States Agency for International Development
WS	Wholesaler

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Executive Summary

A Baseline Survey on the Mandis of Punjab and Sindh was initiated by the Firms Project as a part of an ongoing study to suggest a new Agricultural Marketing Framework to the respective departments of agriculture, and the provincial governments of Punjab and Sindh. Four major fruit and vegetable markets (Mandis), namely Multan, Bahawalpur Sukkur and Larkana, were selected to undertake the baseline survey covering all major stakeholders of the value chain.

Agricultural marketing in Punjab is governed by the rules and regulations adopted in 1978, which had their roots in the original regulations introduced in 1939. The agricultural marketing in Sindh is governed by Agriculture Marketing Produce regulations adopted in May 2010, which replaced those framed in 1939.

To achieve the desired baseline survey results and to ascertain the status of infrastructure, management, administration and services, a comprehensive research methodology was adopted. This included a selection of target markets with a sample size of 150 for each market and the development of a questionnaire. In-depth interviews with key informants were held along with focus group discussions (FGDs) in all four of the mandis. An instrument was developed to undertake a spot-check/physical verification of the mandis, infrastructure, management, administration, facilities and business processes (Copy of the Questionnaire, FGD reports, Instrument of spot-check and report on lessons learnt are annexed as Annexes I-IV).

This report is comprised of the background of the baseline survey, an analysis of market operations and marketing framework, and baseline survey results and analysis. The report also contains a detailed spot-check and physical inspection based on wide-ranging parameters and comparative marketing margins to supplement the baseline figures on the marketing framework and market operations.

The extent of infrastructure and its condition differed significantly in all major markets. The Bahawalpur market had the latest infrastructure of 2009, whereas Larkana had the oldest infrastructure dating back to 1990. The extent of the physical infrastructure and facilities also varied as per needs of the area and Mandi.

A typical marketing process in the mandis includes farmers, contractors, traders, commission agents, wholesalers and retailers. Commission agents perform central roles due to their privilege of conducting business in a wholesale market where only licensed agents can conduct business. Market committees are the management and regulatory bodies for the agricultural marketing framework. Market committees are responsible for supervising the infrastructure, market functioning and addressing market anomalies for the smooth operation of the framework to ensure fair prices for farmers.

Market Committees are also responsible for governing the agricultural marketing of food grains, fruits and vegetables. The offices of the respective market committees were

located at the mandis in Multan, Bahawalpur and Larkana, whereas the office of market committee in Sukkur was at a separate location in the commercial area of the city.

Market Committees have been suspended since the years 2003-2004 in the Punjab province. The powers of the Market Committee chairman is currently vested in the government-appointed Administrators. Sukkur had a Market Committee of 17 members. However, the Larkana district has not had a representative market committee since the late 90's.

The revenue and expenditure budgets of Market Committees are prepared on a consolidated basis for food grains, fruits and vegetable and markets in other areas. The Market Committee is expected to be self-reliant through its own revenue generation and to sustain itself without government support. It was observed during the meetings with officials that the financial sustainability of Market Committees was under stress, more so in Sukkur and Larkana. The financial crunch of market committees did not leave much space to plan and execute development projects for mandis. No significant amount was mentioned as a development budget by any market committee.

The questionnaire for the baseline survey had a range of questions to explore the stakeholders' individual entrepreneurial dimensions, inter-linkages with other value chain stakeholders, views on the current marketing system, management of the current marketing framework and reflections on the existing infrastructure. The report includes baseline figures on the need for intervention, employment, membership in trade organizations/associations, market infrastructure, value chain, auction procedures, role of market committees, financial sustainability of mandis, investments and sales, training and standards/certifications, options on current laws on mandis and credit.

An exercise was undertaken to determine the marketing margins of commission agents, wholesalers and retailers. Three common fruits and five seasonal vegetables were used as benchmarks to ascertain marketing margins for the stakeholders of the value chain. Retail prices from the mandi, a market in a middle-class neighborhood and an upscale market were collected in order to draw a balanced comparison.

The marketing margins on retail price to net receipts of farmers revealed that the minimum marketing margins of the value chain for bananas ranged from 33 to 51% for retail in middle-class housing areas, whereas marketing margins were observed to range from 47% to 86% in upscale housing areas. Similarly, for apples, marketing margins of value chain based on retail ranged from 23 to 44% in middle-class housing areas and from 38 to 69% in upscale housing areas.

The range of marketing margins had a similar pattern for vegetables as potatoes sold in middle-class income areas ranged from 45 to 60%, whereas marketing margins were as high as 70 to 113% in upscale housing areas. Likewise, marketing margins for tomatoes sold in middle-class housing areas varied from 28 to 74% as compared to 45 to 118% in upscale housing areas.

This report does not offer any recommendations as it was only mandated to submit the baseline data and analysis to support the ongoing work of developing the new Agricultural Marketing Framework and substantiates the Rapid Market Assessment undertaken by Firms' experts. The baseline figures on markets, marketing operations, spot-check of physical infrastructure and marketing margins by the stakeholders of the value chain offer valuable insight into the current marketing system for a policy review.

Employment

The data reflected a low level of permanent employment in all stakeholders of the value chain. In all, 51% of retailers, 34% of traders, 28% of wholesalers and 28% of suppliers did not have any permanent employment.

The mandis reflected a poor gender balance as none of the commission agents, wholesalers and retailers employed any females. Only 8% of the suppliers confirmed having 4-6 female employees, whereas only 3% of the suppliers had employed 7-9 female workers.

The data on the daily wages of permanent employees reflects that most of the employees are paid below the average of 200 per day by the majority of value chain actors. On average, 76% of permanent employees had daily wages ranging from an average of 101 to 200, whereas, only 15% of employees had daily wages ranging from an average of 201 to 300.

Memberships of Trade Organizations

A low level of possible linkages with trade organizations emerged in the value chain except commission agents. 94% of suppliers, 77% of traders, 73% of retailers and 68% of wholesalers were not aware of the presence of any respective trade organization or association.

The most networked stakeholder was found to be the commission agent, with 75% of commission agents being members of trade associations.

Role of Market Committees

The most common opinions on the role of market committees include: collection of market fees, maintenance of infrastructure, dispute resolution, checking malpractices, provision of security and cleanliness of mandis.

80% of traders, 78% of suppliers and retailers and 70% of wholesalers felt that they were not participating in the operations and management of market committees. 67% of commission agents were also of the same opinion.

Revenues through market entry were mentioned to be a major source of funding for market committees, as expressed by 93% of retailers, 89% of suppliers, 83% of commission agents and 82% each of traders and wholesalers.

Sales in the Last Year

76% of retailers reported having less than an average of 0.5 million in sales during the last year, whereas 40% each of traders and wholesalers also confirmed being in the same range of sales.

Training and Standards/Certifications

53% of traders, 45% of wholesalers and 41% retailers expressed their desire for training in harvesting. 40% of traders and 38% each of suppliers and retailers mentioned packing and grading as their training and certification requirement.

Almost 100% of suppliers, retailers and wholesalers reported not having any certificates or adherence to any quality standards.

Opinion on the Current Law on Mandis (only for Punjab)

Ignorance prevailed across the board about the current laws on mandis as an overwhelming range of 98% of suppliers and commission agents to 99% of traders and retailers respectively expressed their non-awareness about the laws on mandis.

The trade association appeared to be the most commonly used channel for dispute resolution as 55% of commission agents, 47% of traders, 44% of wholesalers, 38% of retailers and 35% of suppliers preferred this channel.

Value Addition

88% of commission agents, 52% suppliers and 42% of wholesalers mentioned no value addition taking place through their operations.

Auction Procedures

47% of suppliers arrived in the market by 4 a.m., whereas 52% arrived after 5 a.m. Similarly, 40% commission agents arrived in the mandi by 4 a.m. and an equal percentage of 40% arrived by 5 a.m. The majority of stakeholders have mentioned the commission agent as the one responsible for deciding the bid prices, and 63% to 73% of all stakeholders had similar opinions.

Investment in the Last Year

- Majority of stakeholders had an investment of less than one million in the last year. 89% of retailers had an investment up to an average of 0.5 millions whereas over 50% of traders, wholesalers and suppliers also had an investment of similar range during the last year.
- Most of the advance payments were either up to an average of 50,000 or up to an average of 100,000. 30 to 50% of advance payment received or given by the stakeholders were up to an average of 50,000.
- The bulk of the stakeholders' fixed cost was up to an average of 0.1 million as 67% of retailers, 43% of wholesalers and 42% of traders had investment up to an average of 50,000.

- The majority of stakeholders of the value chain had costs as much as 100,000. Only 35% of traders, 21% of wholesalers and 17% of retailers confirmed having a variable cost beyond 100,000.

Credit

- 73% of wholesalers, and 68% each of commission agents and retailers, and over 50% of traders and suppliers claimed not having used credit facilities.
- Banking was the least preferred source of credit as only 35% of commission agents, 29% of traders and 21% of wholesalers used this channel. Friends were mentioned as the most widely-used source as over 50% of wholesalers, retailers and traders used this source.
- Majority of stakeholders availed the credit of up to an average of 0.5 million except for the commission agent, who used a higher amount of credit. Other stakeholders ranging from 78% to 94% fell in the category of using credits up to an average of 0.5 million.
- A significant number of respondents did not pay any interest to their credit as confirmed by 56% of wholesalers, 39% of commission agents and 34% of traders. The majority of respondents availing credit paid interest charges in the range of 6 to 15% per annum.
- Offering produce on credit was found to be a fairly common practice in the value chain of stakeholders. Suppliers offered their produce on credit to 92% of commission agents and 35% of wholesalers. Likewise, wholesalers offered produce on credit to 94% of their retailers and 42% of their traders. Commission agents offered credit to 95% of their wholesalers, 77% of their traders and 60% of their retailers.

1.0 INTRODUCTION

1.1 Introduction to the Baseline Survey

A Baseline Survey on Mandis of Punjab and Sindh was initiated by Firms Project as part of ongoing assignment to suggest a new Agricultural Marketing Framework to the respective Departments of Agriculture, Punjab and Sindh governments. Four major fruit and vegetable mandis were selected by Firms to undertake a detailed baseline survey covering all major stakeholders of value chain. Multan and Bahawalpur Mandis were selected to represent agricultural markets of Punjab whereas Sukkur and Larkana were selected to represent agriculture markets of Sindh.

Agriculture is a vital sector of Pakistan's economy which contributes almost one fourth of national GDP. Agriculture sector employs more than fifty percent of the population. Agricultural produce makes up almost half of national agricultural output. Foods and vegetables are the major contributor of agricultural produce in both the provinces.¹

The laws governing the agricultural marketing date back from the British colonial period. Agricultural marketing in Punjab is governed by the rules and regulations adopted in 1978 which had their roots in the original rules introduced in 1939. The agricultural marketing in Sindh is governed by the new rules adopted in May 2010 which replaced earlier rules framed in 1939.²

The Firms project has lent support to the provincial governments of Punjab and Sindh to develop new policy framework that would lead to application of best international agricultural marketing practices. This involved a review of operations of the agricultural marketing in both provinces.

Agricultural marketing framework proposed by Firms Project included recommendations on regulatory framework, business processes and institutional set ups consistent with efficient and growth oriented agricultural markets. A Baseline Survey was proposed to explore the current state of affairs of mandis and get to baseline figures for benchmarking prior to the implementation of proposed agricultural marketing framework. The baseline survey was expected to explore market inefficiencies, present state of infrastructure, management structure and financial sustainability of mandis. Other areas of focus included input and output of markets, auction procedures and analysis of value chain prevailing in the mandis. The marketing issues relating to marketing margins, price control and role of marketing committees were also part of additional focus. Phyto-sanitary standards/conditions and adherence to quality measures were also to be scrutinized. It was also decided to review participation of stakeholders in operations and management of mandis.³

¹ Pakistan economic Survey 200-9-10, FIRMS SOW 1392

² <http://www.agripunjab.gov.pk/index.php?f=9&m=0&l=0>, <http://www.sindhagrmarketing.gov.pk/>

³ Adopted from SOW 1392

The scope of work order specified the following objectives of baseline surveys:

Assessment of Market Dynamics:

Study of current management and operational structure (roles, responsibilities, qualifications etc.):

- Field observations to ascertain level of trading and economic transactions.
- Role of mandis in establishment of price and quality of produce (i.e. do grading and labeling take place?)

Financial Sustainability of Mandis:

- This would include review of financial records, budgets, examination of cash flow etc.
- Assessment of Infrastructure:

Draw up a check list to assess current infrastructure facilities with respect to accessibility of mandis, sanitary conditions, waste disposal facilities, and availability of clean water.⁴

1.2 Research Methodology

To achieve the desired results of baseline survey and to explore other focus areas, following research methodology was adopted as proposed by Firms Project BEE Team:

- Selection of target market and sample size.
- Development of questionnaire.
- In depth interviews with key informants.
- Holding focus group discussions in all the four mandis.
- Development of an instrument to undertake spot check/ physical verification of mandis' infrastructure, management, administration, facilities and business processes.

1.2.1 Target Markets and Sample Selection

The Firms Project team had already undertaken an extensive study to explore regulatory framework, evaluate management of agricultural marketing and rapid assessment of various major and smaller fruit and vegetable mandis. As a result of the extensive background work, BEE team of Firms Project suggested to focus two markets each from Punjab and Sindh to conduct the Baseline Survey. Multan and Bahawalpur mandis were suggested as representative markets of Punjab agricultural marketing whereas Sukkur and Larkana were proposed as representative mandis from Sindh province.

⁴ SOW 1392 for Baseline Survey on "Mandis" of Punjab and Sindh

Five major stakeholders were identified for baseline survey namely commission agent, wholesaler, trader, retailer and supplier (farmer/grower), contractor and traders. It was suggested by BEE team of Firms Project to have 150 respondents as the sample representing major stakeholders in each market. Hence, three hundred sample respondents were advised to be selected from Punjab and an equal number from Sindh. The sampling schedule for the execution of baseline survey is as under:⁵

Table 1: Baseline Survey – Punjab (Total 300)			
Category	Multan	Bahawalpur	Total
Commission agent	30	30	60
Wholesaler	30	30	60
Trader	30	30	60
Retailer	30	30	60
Suppliers			
Farmer/Grower	10	10	
Contractor	10	10	
Trader	10	10	60
Total	150	150	300

Table 2: Baseline Survey – Sindh (Total 300)			
Category	Sukkur	Larkana	Total
Commission agent	30	30	60
Wholesaler	30	30	60
Trader	30	30	60
Retailer	30	30	60
Suppliers			
Farmer/Grower	10	10	
Contractor	10	10	
Trader	10	10	60
Total	150	150	300

⁵ SOW 1392 for Baseline Survey on “Mandis” of Punjab and Sindh

The execution of baseline survey was supervised by the Project Manager assigned by the subcontractor (i.e. CRCP). He also randomly verified the filled in questionnaires to judge the authenticity and correctness of data.

The data collected was tabulated and analyzed by the professionals of subcontractor.

1.2.2 The Questionnaire

The questionnaire for baseline survey for mandis was developed by Firms Project in English and translated in Urdu. The questionnaire comprised various sections to collect the required information. The sections of questionnaire included:

- A. Survey information.
- B. Basic information.
- C. Needs/ interventions.
- D. Employment.
- E. Membership of trade organizations/ associations.
- F. Market infrastructure.
- G. Value chain.
- H. Auction procedure.
- I. Role of market committees.
- J. Financial sustainability of mandis.
- K. Investment in the last year.
- L. Sales in the last year.
- M. Training and standards/certifications.
- N. Option on current law on mandis (only for Punjab).
- O. Credit.

Four teams of enumerators were organized to execute the Baseline Survey for Punjab and Sindh. Five enumerators for each city (i.e. Multan, Bahawalpur, Larkana and Sukkur) were selected based on their relevant experience and knowledge of local mandis. Two days training was imparted to the enumerators by representative of BEE team and the Project Manager separately at Lahore and Karachi. The Project Manager was the assigned responsibility to supervise the execution of Baseline Survey.

1.2.3 In Depth Interviews

In depth interviews with key informants of value chain and officials of market committees were conducted by the Senior Project Manager and Project Manager at all the four designated mandis. A range of questions were asked and analytical discussions were held to understand the mechanism of agricultural marketing, management and administrative set up and roles and responsibilities of regulatory

bodies and stakeholders. Useful information was collected to supplement baseline survey results and analysis.

1.2.4 Focus Group Discussions

Four focus group discussions were organized as part of Baseline Surveys. Participants were identified as stakeholder's representative of agricultural marketing value chain for wholesome discussion. The focus group discussion in Multan was held on September 7, 2010. The second focus group discussion as held at PTDC Motel, Bahawalpur on September 8, 2010. [REDACTED] BEE Team member of Firms Project was also present during the proceedings. Third focus group discussion was held on September 24, 2010 at Sapna Inn, Larkana. Fourth focus group discussion was held on September 25, 2010 at hotel Forum Inn Sukkur. [REDACTED] of BEE Team from Karachi office was present in FGDs at Sukkur and Larkana. Wide ranging issues like market functioning, value chain, infrastructure, price setting and regulations were discussed during these focus group discussions to understand the agricultural marketing framework to fulfill the objectives of Baseline Survey.

1.2.5 Spot Check/ Physical Verification

An instrument was developed to undertake spot check/physical verification of mandis to establish quantitative and objectively verifiable indicators regarding the predetermined parameters. The spot check and physical verification of mandis included (but not limited to) the following:

- Physical infrastructure including sanitary conditions, roads, shelters, availability of water and waste disposal.
- Auction procedures
- Marketing margins
- Financial management procedures and records
- Marketing committees, structure and existing performance.

1.3 Structure of the Report

This initial part of report consists of introduction, background of baseline survey, details of spot check/ physical verification infrastructure and operations of mandis offering the background and setting of Baseline Survey. Next section offers the statistical results and analysis of Baseline Survey results. Last section offers conclusion with main findings. Annexure include the questionnaire, FGDs' reports, copy of spot check/ verification instrument, lessons learnt and details of persons met and engaged during the project.

2.0 BACKGROUND OF THE BASELINE SURVEY

2.1 Agricultural Marketing System

The agricultural marketing system in Punjab is governed by the Punjab Agricultural Produce Markets Ordinance, 1978 and rules 1979. Agricultural marketing in Sindh is governed by the rules adopted in May 2010 which replaced the rules framed in 1939. The prescriptive framework tied to public marketplaces (mandis) defines roles of actors and even the form in which commercial transactions are to be carried out. Development of alternate market channels and value chains is restricted, creating distortions that cost the Pakistani economy millions of dollars each year in lost opportunities.⁶

Background literature review and extensive interaction with the stakeholders and rapid market assessment by the experts engaged by BEE Team of Firms Project had identified many distortions and inefficiencies which necessitated proposing new agricultural marketing framework.

As per the requirement and request by the Agricultural Departments of Punjab and Sindh, Firms Project of USAID offered to develop a new policy framework which would lead to application of Best International Agricultural Practices. The assignment was to propose new agricultural marketing framework focused on fresh fruits and vegetables but took into account wholesale and distribution process in general as well. The primary importance was attached to value chain development for positive impact on market operations. The basic premise of the assignment was to offer a new framework which should focus on opportunities for market access by growers and address to current distortions and inefficiencies.

The emphasis of current policy framework is on control of agricultural marketing by provincial governments through the wholesale markets. The current system has gradually reduced to a limited and ceremonial role of collection of commissions and license fees for self financing operations of market committees.

Open auction is the only method to carry out commercial transactions under the existing marketing system. The auction process is not as transparent as it appears. The current marketing system does not suitably address the crucial issues of health and safety standards related to fruits and vegetables in the market place.

Market committees are supported to supervise the infra structure, value chain management, facilitations and ensure market efficiency for affording fair prices to the farmers. However, the role of market committees has gradually reduced to few administrative measures and controls like issuance of licenses, compiling daily price list,

⁶ APM Final report by Preston Pattie

collecting market entry fee and managing discount Bazaars like Friday Bazaar/Sunday Bazaar if required by Local Government.

The experts engaged by Firms were confident that the findings provided ample evidence of serious distortions in the agricultural marketing system. One of the primary concerns is that virtually all fresh fruits and vegetables are handled through one single market channel: public wholesale markets controlled by powerful licensed dealers. The system is fully supply-driven, with focus on collection of commissions and fees.⁷

The objective of new policy framework was stated as “to promote agricultural market systems that facilitate commercial development through multiple channels, thereby providing closer linkages of farmers to markets, both domestic and export. Participation of entrepreneurs in investment and operation of agricultural marketing enterprises at any scale is to be promoted”.⁸

The experts of Firms Project carried out rapid market appraisal of various large and small wholesale markets to gather quick market facts to substantiate the findings of international experts. The Firms team focused on fruit and vegetables market. Firstly, the buyers and then suppliers at food and vegetable markets in large cities were covered. Afterwards, smaller district markets were visited to get the relevant information. Similarly the weekly bazaars operated by local district government, processors, restaurants and suppliers to the restaurants were also brought into the ambit of rapid market appraisal. Finally, the exercise allowed the investigators to produce several examples of marketing margins that is from the amount received by the suppliers on one side of the mandi to the amount paid by the retailer on the other side of mandi.⁹

A study report titled as “Improvements in agricultural marketing” prepared by AF Ferguson for Government of Punjab also highlighted the inefficiencies and distortion of the agricultural marketing system as of BEE Team experts. The agricultural marketing system in the province is working in “sub optimal” form due to inappropriate facilitations to the growers, weak infrastructure leading to post harvest losses and lack of effective marketing channels to promote agricultural exports.¹⁰

Most of the farmers have relatively small land holdings and/ or exploited at the hands of commission agents using their financing and holding powers to control prices of agricultural produce. The commission agent is a key player in the marketing causing marketing anomalies and inappropriate returns to the farmers through control of marketing system.¹¹

Proposed Policy Framework:

⁷ APM Final report by Preston Pattie

⁸ APM Final Report by Preston Pattie

⁹ Rapid Market Assessment by BEE Team Expert

¹⁰ Improvement in Agricultural Marketing, AF Ferguson, 2007

¹¹ Improvement in Agricultural Marketing, AF Ferguson, 2007

The proposed policy framework is based on the objective of formulating a clear policy on agricultural markets development incorporating best international practices and private sector participation by deregulating the agricultural produce markets. It suggests developing a comprehensive procedural and substantive framework for implementation which separates policy making and supporting functions from management and administration of markets. The proposed framework addresses the need for establishing standards for quality and safety through adoption of appropriate standards and specifications to cater for infrastructure, services, sanitary and phyto-sanitary conditions, produce grading and labeling etc.¹²

Evaluation of regulatory framework and rapid market appraisal has necessitated establishing baseline figures for bench marking before the framework is proposed. Hence, the Baseline Survey of fruits and vegetables wholesale markets was initiated by Firms Project. Following sections offer the details on infrastructures of mandis and Baseline Survey results and analysis to substantiate the proposed policy framework.

3.0 THE INFRASTRUCTURE AND OPERATING FRAMEWORK OF THE MARKETS

3.1 Infrastructure

The extent of infrastructure and its condition differed significantly in all major markets under study. Bahawalpur market had the latest infrastructure of 2009 whereas Larkana had the oldest infrastructure dating back to 1990. The extent of physical infrastructure and facilities also varied as per needs of the area and Mandi. The mandis were owned and managed by the Market Committee in Multan and Bahawalpur. However, mandis were owned by the Local Government in Sukkur and Larkana but were being administratively managed by respective market committees with the help of local government to upkeep the infrastructure. The details of infrastructure of individual mandis are covered in the subsequent sections.

3.2 Regulatory Mechanism

Regulatory framework differed for both the provinces. The fruit and vegetable markets (Mandis) in Punjab province are governed by The Punjab Agricultural Produce Markets Ordinance 1978 whereas mandis in Sindh are governed by Agricultural Produce Markets Rules adopted in May 2010 which replaced the rules framed in 1939; dating back to British Rule. As the rules applied in both provinces have their roots in 1939 Act,

¹² Proposed Agricultural Marketing Policy Framework, 2010

the basic regulatory framework in both provinces is almost similar with the exception of few administrative variations. Same regulatory framework is applied to food and grain markets along with fruit and vegetable markets.

The provincial agriculture department is governing body for agricultural marketing framework. Market Committees are responsible to govern the agricultural marketing of food grains and fruits and vegetables. The offices of respective market committees were located in food grain market in Multan, Bahawalpur and Larkana whereas office of market committee was located at a separate location in commercial area of Sukkur city.

A Market Committee is constituted with representation of all stakeholders with a lion's share of farmers. Market Committee is headed by a chairman, selected from the Market Committee members. A full time secretary is responsible to manage the operations of Market Committee under the guidance of Chairman. Officially, Market Committee has three years tenure but practice is contrary to this provision. Market Committees are suspended since 2003/4 in Punjab province. The powers of Market Committee chairman are currently vested to the government appointed Administrators. Sukkur had a Market Committee of 17 members and being headed by its Chairman. However, Larkana district did not have a representative market Committee since late 90's. Political intervention was cited as a cause of these practices.

3.3 Revenues and Development

The revenue and expenditure budgets of Market Committee are prepared on consolidated basis for food grains, fruits and vegetable and other area markets. Fruits and vegetable markets figures reflect as a sub head in the whole budget. Market Committee is expected to be self reliant through own revenue generation and sustain itself without government support. It was observed during the meetings with all market committee officials that financial sustainability of Market Committees was continuously under stress; more so in Sukkur and Larkana. Financial crunch of market committee did not leave much space to plan and execute development projects for mandis. No significant amount was mentioned as development budget by all market committees.

Office automation was almost nonexistent in market committee offices. Offices appeared poorly staffed and offered shabby or in some cases a modest look. Focus was on revenue collection, self sustaining and liaison with local and provincial government departments for routine administrative matters. Price control, assuring fair prices to farmers, improving infrastructure and governing for market efficiencies appeared an agenda at back burners.

3.4 Central Role of Commission Agents

A typical marketing process in the mandis included farmers, contractors, traders, commission agents, wholesalers and retailers. Commission agents performed central role due to their privilege to conduct business in a wholesale market where only licensed agents could conduct business. This barrier of entry offered a unique advantage to the commission agents. Secondly, extension of credit and advance

payment to farmers and contractors by the commission agents cemented their central role with first assured right on major market supplies. Thirdly, commission agents had cross markets network with fellow agents; more so for fruits but fairly workable for vegetables as well. These advantages made the position of commission agents so valuable that they dominated other stakeholders. Another factor of cash transactions added more vulnerability and risk for commission agents. The business of cash transaction and that too with substantial credit risk enhanced the interdependencies of commission agents, contractors and wholesalers. The nexus, thus developed, had a natural priority to take advantage from the marketing system which lacked updated institutional framework, had obsolete rules, prohibited development of alternate trade channels and least influenced by the farmers. Collective bargaining strength of commission agents had assured them a larger share in public policy dialogue with government officials and their policy decisions.

3.5 The Infrastructure and Operations of Mandis

3.5.1 Multan Mandi

The Mandi of Multan is located on a busy suburban bypass road in Shah Rukne Alam Town. The process of planning and development of infrastructure started around 1990. However, old mandi was shifted to existing location in 2003. It had a land area of 26 acres with one large entrance. It was reported that 210 licenses were issued to commission agents. Over 70 shops were built and rest of plots were open but had been allotted to license holder commission agents.

Multan Mandi offered a hustle bustle during the day as well but had its peak business during early hours starting from 4 am or so. Main auction takes place in the early morning whereas 2nd auction spree takes place in the afternoon. However, it was reported that individual commission agents conducted auctions as and when they received new stocks and had confidence of availability of sufficient buyers in the market at that time. Auction was conducted on lot basis with an indicative weight of bags or crates. Visual analysis and estimation formed the basis of pricing by the sellers and buyers. Initial reference bid price was reportedly most often announced by the commission agents.

The nearby mandis having close trading links with Multan mandi included Khanewal, Jahanian, Kot Addue, Muzzaffar Garh and Shujabad. The other major trading partner mandis included Quetta, Sukkur, Larkana, Peshawar, Sargodha and Bahawalpur.

Seasonal fruits and vegetables were primarily supplied by the local rural suppliers; farmers and through contractors. It was reported that about 80% supplies were provided by the contractors whereas the balance 20% supplied by the farmers. Out of season vegetables and regional fruits were brought from other markets.

Multan Market committee has not been constituted since 2003. Market Committee is headed by the government appointed Administrator. Market Committee had its office at food and grain market. Market entry fee collection schedule was operative since 1996

and needed upward revision. Income of Market Committee Multan was reported as Rs. 5.5 millions whereas expenses were reported two times more than the revenues.

Market Committee maintained an office at Multan Mandi. It was reported that street lights were installed last year as development work. An electronic weighing station was installed and managed by an outsourced party. This was reported as the only weighing station in whole of Punjab mandis.

Following are details of Spot Check and physical Verification of mandi infrastructure, facilities, management and business process:

Table 3: Spot Check and Physical Verification; Fruits and Vegetable Market - Multan			
Data as of September 6-7, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	Planning of Market	Land allocated in 1990	
Infrastructure	Designated land area	26 acres	Located at bypass, Saha Ruknealam Town
	No of entrances	one main entrance	Three unofficial exit points to surrounding communities
	No of shops allocated	210 shops to licensed CA's	
	No of shops operating	72	Shops built with two to three storey structures
	Allocated shop area	15x60 feet	Similar area as shop front is available between the shop and internal roads
	Common auction area	Available	
	Auction area- shade	Partial shade arrangements	
	Auction area- raised	Not raised	
	Width of main internal Roads	50 feet	Road condition is fairly good
	Distance from main road	Located on main road	

Table 3: Spot Check and Physical Verification; Fruits and Vegetable Market - Multan			
Data as of September 6-7, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	Distance from city centre	5KM from Clock Tower	
Facilities/ services	Police station/ kiosk (Chowki)	Not available	Periodic visits by nearby police station personnel
	Bank branches	Not available	Nearby bank located at one KM distance
	Electronic weighbridge	Available	Operated by an outsourced third party
	Drinking water filtration plant	Available	Over 12 drinking water points
	Water reservoir	Available	One overhead water tank
	Mosque	Space allocated but not constructed	Operative with make shift structure
	No of eateries	8 eateries & tea stalls	Set ups are shabby & congested
	Public toilets	12 toilets at one location	Sanitary conditions were poor
	Hotels	No hotel in Mandi	Guests usually stay at C A's shop
	Cold storage	One	Under construction, owned by a private party
	Public parking place	Available	Space allocated at entrance, open spaces used alongside internal roads
	Stand by power generation	No standby arrangements	Individual CA's have small generators

Table 3: Spot Check and Physical Verification; Fruits and Vegetable Market - Multan			
Data as of September 6-7, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	Access to public transport	Easy & available	Transport available 24/7
Management & Services	Market Committee office	Available	Properly built office in Mandi
	Trade Association	Available	Three major influential groups in Mandi
	No of office bearers	Eight office bearers	Elections not held regularly
	Trade Association office	No separate office	Premises of President's shop used
	Market Committee revenue sources	Market entry & license fee	Schedule of charges of 1996 applied
	Market Committee staff at Mandi	Total staff members 15, permanent staff 9	Office and staff headed by the Inspector
	Price list compilation / issuance	Issued daily by Market Committee	Mandatory to display by retailers
	Cleaning arrangements	2/3 times daily	Cleaning outsourced to a contractor
	Drainage conditions	Underground drainage structure exists	Drainage system appeared clogged at many places due to improper usage
	Health care/ dispensary	No first aid arrangements/ dispensary	
	Security arrangements	No formal security arrangements by MC	Informal arrangements by CAs
	Fire fighting installation	No installation	Fire brigade within 1 KM.

Table 3: Spot Check and Physical Verification; Fruits and Vegetable Market - Multan			
Data as of September 6-7, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
			Rescue 1122 at 3 KM
	Market fee collection arrangements	Entry fee collected based on weight	Schedule of charges displayed at entrance
Business Process	Inward cargo data recording	No/ type of vehicle and commodity noted only	Data not processed to determine the level of commodities transaction
	Known Marketing Margins-		
	Commission Agents	Officially as 6.25%	Additional charge for credit as well
	Retailers	Ranges from 10 to 30%	Upscale market retailers charge up to 50%
	Auction frequency	Mainly in the morning; 3am onwards till 8 am	Many times a day by individual CA on receipt of commodities
	Employment- direct (Appr.)	Over 500 WS and retailers and over 1000 labor	No separate employment figures are documented by MC or Trade Association
	Gender participation	Almost nil	No woman as value chain actor, only few engaged in labor
	Value addition through grading, labeling, packing	No evidence of value addition by CA, WS and retailers	Wholesalers and retailers segregate commodities for their sales convenience

3.5.2 Bahawalpur Mandi

The Mandi of Bahawalpur is located on a busy suburban area on Ahmad Pur East Road. The process of planning and development of infrastructure started in 2000. However, old Mandi was shifted to existing location in 2009. It had 10 acre land area with two main entrances. It was reported that 133 licenses were issued to commission agents. Over 89 shops were planned in the new mandi, but due to dispute of legitimacy and right of additional licensed commission agents, only 40 shops were allotted. Aggrieved commission agents had approached the court. Hence, the allotted shops had also not been constructed. Commission agents occupied the common auction area which was built with raised platforms and shade to house their make shift offices.

Bahawalpur Mandi had its peak business during early hours starting from 4 am or so. Main auction took place in the early morning. Auction was conducted on lot basis with an indicative weight of bags or crates. Visual analysis and estimation formed the basis of pricing by the sellers and buyers. Initial reference bid price was reportedly most often announced by the commission agents.

The nearby mandis having close trading links with Bahawalpur included Ahmadpur East, Yazman, Hasil Pur and Khairpur Taamewali. The other major trading partner mandis included Multan, Quetta, Sukkur, Larkana, Peshawar and Sargodha.

Seasonal fruits and vegetables were primarily supplied by the local rural suppliers; farmers as well as through contractors. It was reported that about 70- 80% supplies were brought by the contractors/traders whereas balance is supplied by the local farmers. Out of season vegetables and regional fruits were brought from other markets.

Bahawalpur Market committee had not been constituted since 2003 as stipulated in the law. Market Committee is headed by the government appointee Administrator. Market Committee had its office at food and grain market. Market entry fee collection schedule was operative since 1996 and needed upward revision. Income of Market Committee was reported half than the revenues causing severe financial stress and no financial space for development.

Following are details of Spot Check and physical Verification of mandi infrastructure, facilities, management and business process:

Table 4:Spot Check and Physical Verification in Fruits and Vegetable Market - Bahawalpur			
Data as of September 8-9, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	Planning of Market	Land allocated in 2000	
Infrastructure	Designated land area	10 acres	Located at Ahmadpur East road

Table 4:Spot Check and Physical Verification in Fruits and Vegetable Market - Bahawalpur			
Data as of September 8-9, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	No of entrances	Two main entrance gates	Two additional side gates installed but not used
	No of shops allocated	89 to licensed CA's	Total licenses issued 135
	No of shops operating	60 shops	Due to litigation, no shop constructed
	Allocated shop area	19x70 feet	Demarcation of 40 plots done but no structure built
	Common auction area	Available	Occupied by commission agents
	Auction area-shade	Purpose built with shade	
	Auction area-raised	Yes	
	Width of internal Roads	50 feet	Roads condition is fairly good
	Distance from main road	Located on main road	Ahmadpur East road
	Distance from city centre	4 KM from Farid Gate	
Facilities/ services	Police station/ kiosk (Chowki)	Not available	Periodical visits by nearby police station
	Bank branches	Not available	Nearby bank in two KM area
	Electronic weighbridge	Not available	
	Drinking water filtration plant	Not available	Drinking Water by individual arrangement, one water dispenser
	Water reservoir	Available	One overhead water tank
	Mosque	Space allocated	Not constructed, operative in open air

Table 4:Spot Check and Physical Verification in Fruits and Vegetable Market - Bahawalpur			
Data as of September 8-9, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	No of eateries	4 eateries	Set ups are make shift & shabby
	Public toilets	22 toilets at two places	11 closed, others have regular cleaning
	Hotels	Not available	
	Cold storage	Not available	Three cold storages in 3 KM area
	Public parking place	Available	Parking stand near entrance, parking also done alongside internal roads
	Stand by power generation	Not available	Few individuals have small generators
	Access to public transport	Easy & available	Transport available 24/7
Management & Services	Market Committee office	No proper office built	A tent erected on entrance to collect fee
	Trade Association	Yes	Four major influential groups
	No of office bearers	8	Elections held last year
	Trade Association office	No separate office	Premises of President shop used
	Market Committee revenue sources	Market entry & license fee	Schedule of charges older than 5 years
	Market Committee staff at Mandi	5 staff members	Headed by Inspector
	Price list compilation/ issuance	Daily by Market Committee	Mandatory to display by retailers
	Cleaning arrangements	Twice daily	Cleaning contract outsourced
	Drainage	Underground	Appeared clogged due to

Table 4:Spot Check and Physical Verification in Fruits and Vegetable Market - Bahawalpur			
Data as of September 8-9, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	conditions	drainage structure exists	improper usage
	Health care/ dispensary	No fist aid arrangement/ dispensary available	
	Security arrangements	No collective arrangements	Individual guards arrangements
	Fire fighting installation	No installation	Fire brigade & Rescue within 0.5 KM
	Market fee collection arrangements	Collected on incoming commodities weight	Schedule of charges displayed at entrance
Business Process	Inward cargo data recording	No of vehicle and type of commodity noted	Data not used for market analysis
	Known Marketing Margins-		
	Commission Agents	Officially as 6.25%	Additional charge for credit as well
	Retailers	Ranges from 10% to 30%	Upscale market retailers charge up to 50%
	Auction frequency	Mainly in morning; 4 am to 8 am	Auction done by individual CA's on arrival of new commodities
	Employment-direct (Appr.)	Over 150 wholesalers/ retailers work in Mandi, 200 daily wages labor	No reliable data of employment recorded by MC or CA's
	Gender	Almost nil	No woman in value chain,

Table 4:Spot Check and Physical Verification in Fruits and Vegetable Market - Bahawalpur			
Data as of September 8-9, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	participation		only few in labor
	Value addition through grading, labeling and packaging	No formal process observed	wholesalers and retailers segregate for their sales convenience

3.5.3 Sukkur Mandi

The Mandi of Sukkur is located on a busy suburban area located on Shikarpur Road. The Mandi was shifted to existing location in 1980-81. It is spread over 10 acre of land area with two large entrances from main road and two entrances from adjacent truck stand. It was reported that 92 licenses were issued to commission agents. The Market had a large and raised open auction area which was partly covered with make shift tents and make shift shading material. Condition of roads was fairly good.

It was reported that Local City Government owned the mandi area and was maintaining it as well. It was also reported that about Rs.15 millions were spent as development of roads, raising and covering of auction area and drainage. About 40% development job was underway.

Sukkur Mandi had an elected union with apparently good unity. Market Committee had been reconstituted with 17 members. New chairman had been in office. The financial sustainability of the market committee was reported under stress due to low revenue base and higher expenses. It was reported that over 12 months salaries of market staff were overdue. Two different agencies collected entry fee in Sukkur mandi i.e. market committee and Mandi trade association whereas City Government collected fee on outgoing commodities.

Sukkur Mandi had its peak business during early hours starting from 4 am or so. Main auction took place in the early morning whereas 2nd round of auction took place in the afternoon for commodities arriving from outstations. Auction was conducted on lot basis with an indicative weight of bags or crates. Visual analysis and estimation formed the basis of pricing by the sellers and buyers. It was reported that initial reference bid price was most often announced by the commission agents.

The nearby mandis with close trading links with Sukkur mandi included Khair Pur, Shikar Pur, Jacob Abad, Nawab Shah and Larkana. The other major trading partner mandis included Multan, Quetta, Larkana, Peshawar and Sargodha.

Seasonal fruits and vegetables were primarily supplied by the local suppliers; farmers as well as through contractors. Out of season vegetables and regional fruits were brought from other markets. It was reported that about 80% of local supplies were brought by the contractors/traders whereas rest was supplied by local farmers. Credit and advance payments to farmers and contractors were deeply ingrained in the market and were observed as integral and influential factors in the value chain.

Following are details of Spot Check and physical Verification of mandi infrastructure, facilities, management and business process:

Table 5: Spot Check and Physical Verification in Fruits and Vegetable Market - Sukkur			
Data as of September 25, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
Infrastructure and Facilities/ services			
	Market planning	1980-81	
Infrastructure	Designated land area	10 acres	Land owned by City District Government
	No of entrances	Two main entrance	Two side entrances from adjacent truck stand
	No of shops allocated	92 shops to licensed CA's	Many unauthorized dealers operate as well
	No of shops operating	92	Shops have two to three storey structures
	Allocated shop area	20x50 feet	
	Common auction area	Available	
	Auction area-shade	Partly shade with tarpaulin	
	Auction area-raised	Yes	
	Width of internal Roads	50 feet	Road condition is fairly good
	Distance from main road	Located on main road	Shikar Pur road

Table 5: Spot Check and Physical Verification in Fruits and Vegetable Market - Sukkur			
Data as of September 25, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	Distance from city centre	5KM from Clock Tower	
Facilities/ services	Police station/ kiosk (Chowki)	Not available	Periodical visits by nearby police station staff
	Bank branches	Available	MCB Bank
	Electronic weighbridge	Not available	
	Drinking water filtration plant	Not available	Few privately managed drinking points
	Water reservoir	Available	One overhead water tank
	Mosque	Available	Well maintained and spacious
	No of eateries	10 eateries, tea stalls	Set ups are shabby & congested
	Public toilets	10 toilets at one place	Sanitary conditions need improvement
	Hotels	Not available	Guests usually stay at host's shop
	Cold storage	Three	Have different capacities
	Public parking place	No separate place allocated	Parking done near entrance and alongside internal roads
	Stand by power generation	Not available	Individuals have small generators
	Access to public transport	Easy & available	Transport available 24/7
Management & Services	Market Committee office	No proper office built	
	Trade Association	Available	Election held last year, no grouping reported
	No of office bearers	8	

Table 5: Spot Check and Physical Verification in Fruits and Vegetable Market - Sukkur			
Data as of September 25, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	Trade Association office	No separate office	Premises of President shop used
	Market Committee revenue sources	Market entry & license fee	Schedule of charges older than 5 years
	Market Committee staff at Mandi	Total staff 9, permanent 4	Headed by Inspector
	Price list compilation issuance	Not compiled / issued	No price list displayed by retailers
	Cleaning arrangements	2/3 times daily	Arrangements outsourced
	Drainage conditions	Underground drainage structure exists	Appeared clogged due to improper usage
	Health care/ dispensary	No first aid arrangements/ dispensary available	
	Security arrangements	By trade association	Trade association collects entry fee for security arrangements
	Fire fighting installation	No installation	Fire brigade within 3 KM
	Market fee collection	Collected based on weight	By market committee staff
	arrangements		Schedule of charges not displayed at entrance
Business Process	Inward cargo recording	No of vehicle and type of commodity noted	Data not used for market analysis
	Known Marketing Margins-		

Table 5: Spot Check and Physical Verification in Fruits and Vegetable Market - Sukkur			
Data as of September 25, 2010			
Assessment parameters	Indicators	Quantified details	Remarks
	Commission Agents	Ranges from 6 to 9 %	Additional charge for credit as well
	Retailers	Ranges from 10 to 30%	Upscale market retailers charge up to 50%
	Auction frequency	Twice daily	Mainly morning from 41m to 8am and afternoon
	Employment-direct (Appr.)	over 200 wholesalers/retailers and 300 labor	No formal employment data recorded by MC or trade association
	Gender participation	Nil	No woman found in value chain
	Value addition through grading, labeling and packaging	No formal process observed	Wholesalers and retailers segregate for their sales convenience

3.5.4 Larkana Mandi

The Mandi of Larkana is located on a congested city bazaar known as Jalos Bazaar. The Mandi is reportedly operating at existing location since 1990. It is spread over 7.5 acre of land area and owned by the City Government. Mandi has only one entrance. Its location at a congested bazaar and one entrance caused frequent traffic jams. It was reported many times that incoming trucks lost auction time due to traffic jams. These trucks either had to be sold at much lower than earlier peak auction prices or diverted to other markets at additional cost and risk.

It was reported that about 75 licenses were issued to commission agents. Almost all commission agent shops were operating. Open auction area had poor ground level and was not carpeted or brick floored. Similarly, internal roads were also not carpeted. With repeated earth filling of internal roads, road level was higher than floor level of many shops. This caused incursion of rain water during rainy season. Further, rain water was reported as major nuisance during rainy season. No proper place of parking was allocated. Overall, the infrastructure of mandi looked obsolete and inefficient.

Larkana Mandi had a strong trade association and seldom held elections. This was reportedly due to strong arm tactics of current ruling group of commission agents. Market Committee had not been constituted since late 90's. The financial sustainability of the market committee was reported under severe stress due to low revenue base and higher expenses. It was reported that over 3-4 months salaries of market staff were overdue.

Larkana Mandi had its peak business during early hours starting from 4 am or so. Main auction took place in the early morning. Auction was conducted on lot basis with an indicative weight of bags or crates. Visual analysis and estimation formed the basis of pricing by the sellers and buyers. It was reported that initial reference bid price was most often announced by the commission agents.

The nearby mandis having close trading links with Larkana mandi included Nao Dero, Ratto Dero and Shikar Pur. The other major trading partner mandis included Sukkur, Hyderabad, Quetta, Multan, Sargodha and Peshawar.

Seasonal fruits and vegetables were primarily supplied by the local suppliers; farmers as well as through contractors. Out of season vegetables and regional fruits were brought from other markets. It was reported that about 80% of local supplies were brought by the contractors/traders whereas rest was supplied by the local farmers. Credit and advance payments to farmers and contractors were deeply ingrained in the market and were observed as integral and influential factors in the value chain.

Following are details of Spot Check and physical Verification of mandi infrastructure, facilities, management and business process:

Table 6:Spot Check and Physical Verification in Fruits and Vegetable Market - Larkana			
Data as of September 23-24, 2010			
Assessment parameters	Indicators	Quantifiable details	Remarks
Infrastructure and Facilities/ services	Market planning	1980	
	Market operative since	1990	
Infrastructure	Designated land area	7.50 acres	
	No of entrances	one main entrance	Frequent traffic jams and congestion
	No of shops	75	75 licenses issued

Table 6:Spot Check and Physical Verification in Fruits and Vegetable Market - Larkana**Data as of September 23-24, 2010**

Assessment parameters	Indicators	Quantifiable details	Remarks
	allocated		
	No of shops operating	70	Mostly single story structure
	Allocated shop area	15 Feet * 30 Feet	
	Common auction area	Available	Poor ground leveling, no road carpeted
	Auction area-shade	No shade	
	Auction area-raised	No	
	Width of internal Roads	30 feet	Roads not carpeted, relatively raised level than shops floor level
	Distance from main road	Located on one of main bazaar	Located at Jalos Bazaar
	Distance from city centre	2 Km from city centre	
Facilities/ services	Police station/ kiosk (Chowki)	Not available	Periodical visits by nearby police station personnel
	Bank branches	Not available	Nearby bank in one KM area
	Electronic weighbridge	Not available	
	Drinking water filtrations plant	Not available	
	Water reservoir	Available	One overhead water tank
	Mosque	No proper mosque built	A designated rooftop of a shop used

Table 6: Spot Check and Physical Verification in Fruits and Vegetable Market - Larkana			
Data as of September 23-24, 2010			
Assessment parameters	Indicators	Quantifiable details	Remarks
	No of eateries	6 eateries & tea stalls	Set ups are small, shabby & congested
	Public toilets	12 toilets at one place	Poor structure and sanitary conditions
	Hotels	Not available	Guests usually stay at host's shop
	Cold storage	Not available	Nearest cold storage about 2 KM
	Public parking place	No separate place	In nearby bazaar and internal roadsides
	Stand by power generation	Not available	Individuals have small generators
	Access to public transport	Local transport available	Bazaar is very congested, 2 km away from bus stand
Management & Services	Market Committee office	No proper office	
	Trade Association	Available	One strong group rules since many years
	No of office bearers	8	Elections were barely held, candidatures mutually decided
	Trade Association office	No separate office	Premises of President shop used
	Market Committee revenue sources	Market entry & license fee	Schedule of charges older than 10 years
	Market Committee staff at Mandi	5 staff members	Headed by Inspector
	Price list compilation	No price list compiled	Price list display not mandatory

Table 6: Spot Check and Physical Verification in Fruits and Vegetable Market - Larkana			
Data as of September 23-24, 2010			
Assessment parameters	Indicators	Quantifiable details	Remarks
	issuance		
	Cleaning arrangements	Twice daily	By local government sweepers
	Drainage conditions	An old & inefficient underground drainage system	Sever problems in rainy season
	Health care/ dispensary	No first aid arrangements/ dispensary available	
	Security arrangements	No collective arrangements	Individual guard arrangements
	Fire fighting installation	No installation	Fire brigade within 3 KM
	Market fee collection arrangements	Collected on weight basis	By market committee staff, schedule of charges not displayed at entrance
Business Process	Inward cargo data recording	No of vehicle and type of commodity noted	Data not properly compiled and used for market analysis
	Known Marketing Margins-		
	Commission Agents	Officially as 6-9%	Additional charge for credit as well
	Retailers	Ranges from 10 to 30%	Upscale market retailers charge up to 50%
	Auction frequency	Twice daily	Main business transacted in morning
	Employment-direct (Appr.)	No reliable data exists	over 200 wholesalers work in Mandi

Table 6: Spot Check and Physical Verification in Fruits and Vegetable Market - Larkana			
Data as of September 23-24, 2010			
Assessment parameters	Indicators	Quantifiable details	Remarks
	Gender participation	Nil	No woman in value chain, found none in labor
	Value addition through grading, labeling and packaging	No formal process observed	wholesalers and retailers segregate commodities for their sales convenience

3.5.5 Marketing Margins

An extensive exercise was undertaken to determine the marketing margins of commission agents, wholesalers and retailers. Three common fruits and five seasonal vegetables were used as benchmark to ascertain marketing margins for the stakeholders of value chain. Retail prices from within the mandi, a middle class neighborhood and an upscale market were collected to draw a balanced comparison. The margins of commission agent did not include the consideration of credit or advance payment to contractors or farmers as such dealings were kept among the parties and did not reflect in usual prescribed trade margins.

Following comparison of Multan, Bahawalpur, Sukkur and Larkana mandis is presented as Marketing Margins:

Table 7: Market Margin Comparison Sheet -Sukkur

Sr #	Commodity	Net Receipt of Supplier	Auction price	Commission from Farmer	Other charges by CA from WS	Gross margin of CA %	Purchase price of WS	WS Margin	Sale Price of WS	Markup on WS price to net receipt of supplier	Purchase price of Retailer	Retail price in Mandi	Markup on retail price to net receipt of supplier	Retailer price-A middle income area	Markup on retail price-A to net receipt of supplier	Retailer price-B high income area	Markup on retail price-B to net receipt of supplier
1	Banana (in Dozen)	26.04	28	1.96	0.42	9.13	28.42	3.58	32	0.23	32	33	0.27	36	0.38	40	0.54

2	Apple(in KG)	39.99	43	3.01	0.42	8.57	43.42	1.58	45	0.13	45	47	0.18	49	0.23	55	0.38
3	Pomegranate (in KG)	50.22	54	3.78	0.42	8.36	54.42	4.58	59	0.17	59	62	0.23	65	0.29	76	0.51
4	Cabbage (in KG)	37.20	40	2.80	0.20	8.06	40.20	2.80	43	0.16	43	45	0.21	51	0.37	60	0.61
5	Potato (in KG)	18.80	20	1.20	0.05	6.65	20.05	2.95	23	0.22	23	25	0.33	30	0.60	40	1.13
6	Tomato (in KG)	62.31	67	4.69	0.50	8.33	67.50	2.50	70	0.12	70	72	0.16	80	0.28	90	0.44
7	Cauliflower (in KG)	20.46	22	1.54	0.20	8.50	22.20	2.80	25	0.22	25	27	0.32	30	0.47	35	0.71
8	Apple Gourd (in KG)	18.60	20	1.40	0.20	8.60	20.20	1.80	22	0.18	22	25	0.34	30	0.61	35	0.88

CA= Commission Agent
WS= Wholesaler

Table 8: Market Margin Comparison Sheet -Larkana

S r #	Commo dity	Net Rec eipt of Sup plier	Auc tion pric e	Commis sion from Farmer	Oth er char ges by CA from WS	Gro ss mar gin of CA %	Purc hase price of WS	WS Margi n	S a l e P r i c e o f W S	Mar k Up on WS pric e to net rece ipt of sup plier	Purc hase price of Retailer	Ret ailer pric e in Man di	Mar k Up on retail pric e to net rece ipt of sup plier	Ret ail pric e-A mid dle inc om e are a	Mar k Up on retail pric e-A to net rece ipt of sup plier	Ret ailer pric e -B high inc ome area	Mar k Up on retail pric e-B to net rece ipt of sup plier
1	Banana (in Dozen)	27.90	30	2.10	0.42	9.02	30.42	2.58	33	0.18	33	35	0.25	42	0.51	52	0.86
2	Apple(in KG)	37.20	40	2.80	0.42	8.65	40.42	4.58	45	0.21	45	46	0.24	50	0.34	60	0.61
3	Pomegranate (in KG)	49.41	53.12	3.71	0.42	8.35	53.54	7.46	61	0.23	61	63	0.28	70	0.42	76	0.54
4	Cabbage (in KG)	40.42	43	2.58	0.20	6.88	43.20	4.80	48	0.19	48	53	0.31	56	0.39	62	0.53
5	Potato (in KG)	18.80	20	1.20	0.05	6.65	20.05	2.95	23	0.22	23	25	0.33	30	0.60	40	1.13
6	Tomato (in KG)	63.92	68	4.08	0.50	7.17	68.50	5.50	74	0.16	74	80	0.25	90	0.41	100	0.56
7	Cauliflower (in KG)	17.86	19	1.14	0.20	7.50	19.20	2.80	22	0.23	22	25	0.40	30	0.68	35	0.96
8	Apple Gourd (in KG)	15.04	16	0.96	0.20	7.71	16.20	16.00	21	0.40	21	23	0.53	26	0.73	32	1.13

CA= Commission Agent

WS= Wholesaler

Table 9: Market Margin Comparison Sheet -Multan

S r#	Comm odity	Net Recei pt of Supp lier	Auct ion price	Commis sion from Farmer	Othe r char ges by CA from WS	Gro ss mar gin of CA %	Purc hase price of WS	WS Mar gin	Sal e Pri ce of W S	Mar k Up on WS price to net recei pt of supp lier	Purc hase price of Retail er	Reta iler price in Man di	Mar k Up on retai l price to net recei pt of supp lier	Ret ail pric e-A mid dle inco me area	Mar k Up on retai l price -A to net recei pt of supp lier	Reta iler price -B high inco me area	Mar k Up on retai l price -B to net recei pt of supp lier
1	Banana(in Dozen)	40.32	43	0.42	0.42	7.68	43.42	2.58	46	0.14	46	53	0.31	55	0.36	60	0.49
2	Apple(i n KG)	59.07	63	0.42	0.42	8.93	63.42	8.58	72	0.22	72	73	0.24	85	0.44	100	0.69
3	Pomegr anate (in KG)	51.57	55	0.42	0.42	8.43	55.42	6.58	62	0.20	62	64	0.24	70	0.36	80	0.55
4	Cabbag e (in KG)	60.94	65	0.20	0.42	9.06	65.42	4.58	70	0.15	70	72	0.18	75	0.23	80	0.31
5	Potato (in KG)	23.44	25	0.05	0.42	6.56	25.42	1.58	27	0.15	27	32	0.37	35	0.49	40	0.71
6	Tomato (in KG)	51.57	55	0.50	0.42	10.31	55.42	0.58	56	0.09	56	62	0.20	65	0.26	75	0.45
7	Cauliflower (in KG)	28.13	30	0.20	0.42	6.87	30.42	4.58	35	0.24	35	36	0.28	50	0.78	65	1.31
8	Apple Gourd (in KG)	23.44	25	0.20	0.42	6.56	25.42	4.58	30	0.28	30	32	0.37	40	0.71	45	0.92

CA= Commission Agent

WS= Wholesaler

Table 10: Marketing Margin Comparison Sheet -Bahawalpur Mandi**All figures in PKR except mark up**

S r#	Comm odity	Net Recei pt of Supp lier	Auct ion price	Commis sion from Farmer	Othe r char ges by CA from WS	Gro ss mar gin of CA %	Purc hase price of WS	WS Mar gin	Sal e Pri ce of W S	Mar k Up on WS price to net recei pt of supp lier	Purc hase price of Retail er	Reta iler price in Man di	Mar k Up on retai l price to net recei pt of supp lier	Ret ail pric e-A mid dle inco me area	Mar k Up on retai l price -A to net recei pt of supp lier	Reta iler price -B high inco me area	Mar k Up on retai l price -B to net recei pt of supp lier
1	Banana(in Dozen)	37.50	40	2.50	0.42	7.78	40.42	5.58	46	0.23	46	47	0.25	50	0.33	55	0.47
2	Apple(in n KG)	60.94	65	4.06	0.42	7.35	65.42	6.58	72	0.18	72	75	0.23	80	0.31	85	0.39
3	Pomegr anate (in KG)	51.57	55	3.43	0.42	7.46	55.42	6.58	62	0.20	62	64	0.24	70	0.36	80	0.55
4	Cabbag e (in KG)	60.94	65	4.06	0.20	6.99	65.20	4.80	70	0.15	70	72	0.18	75	0.23	80	0.31
5	Potato (in KG)	20.63	22	1.37	0.05	6.88	22.05	4.95	27	0.31	27	28	0.36	30	0.45	35	0.70
6	Tomato (in KG)	45.94	49	3.06	0.50	7.75	49.50	6.50	56	0.22	56	60	0.31	80	0.74	100	1.18
7	Cauliflo wer (in KG)	28.13	30	1.87	0.20	7.36	30.20	4.80	35	0.24	35	36	0.28	38	0.35	42	0.49
8	Apple Gourd (in KG)	23.44	25	1.56	0.20	7.51	25.20	4.80	30	0.28	30	32	0.37	35	0.49	38	0.62

CA= Commission Agent
WS= Wholesaler

4.0 BASELINE SURVEY RESULTS AND ANALYSIS

The Questionnaire had a range of questions in order to explore stakeholders' individual entrepreneurial dimensions, inter linkages with other value chain stakeholders, views on current marketing system, management of current marketing framework and reflections on existing infrastructure. The results and analysis are presented in two parts. Part one deals with questions related to entrepreneurial dimension of value chain stakeholders, nature and extent of inter linkages with other stakeholders. Part two is dedicated to rest of the questions relating to agricultural marketing framework and infrastructure.

4.1 Dynamics of Agricultural Marketing Framework and Operations of Mandis

4.1.1 Needs/ Interventions

The question that asked respondents to list any issue to improve the operation of the mandi got a variety of responses from all stakeholders. Top three common issues narrated by all five stakeholders are enumerated in the following table. Poor sanitation conditions, wider roads, more open space, animals causing damage and security ranked high on issues list among various other issues.

Table 11: Problems of Mandis		
Stakeholder	Problems of Mandis	Responses
Supplier	No proper sanitation & cleanliness arrangement.	49.00
	Inefficient security system	23.00
	Need wide road/transportation issues.	21.00
CA	Lack of good sanitation system	85.00
	There is no proper security system in the market	30.00
	Animals cause damage to the vegetables	11.67
WS	Poor sanitation/sewerage system	70.83
	Unavailability of space/mandi should be allocated larger	30.83
	Water issues	16.67

Table 11: Problems of Mandis		
Stakeholder	Problems of Mandis	Responses
Traders	Sanitation /sewerage and cleanliness problems at mandi	48.33
	Security issues/ need police for security issues / thefts/ problem of law and order	17.50
	Need bank	15.00
Retailer	Poor sanitation and sewerage system	72.50
	Security problems	26.67
	Need luggage stands in mandi	14.17

All stakeholders offered different suggestions to improve mandi operations depending on their geographic needs. 86% of stakeholders from Larkana suggested more entry points as mandi is located in a congested city bazaar. More entry points figured high with 58% of stakeholders of Multan and 49% of stakeholders of Sukkur.

Participation of stakeholders in market operations and management also ranked high as 60% of stakeholders from Bahawalpur favored this suggestion whereas 58% stakeholders from Multan and 45% from Sukkur also mentioned it as a step for improvement.

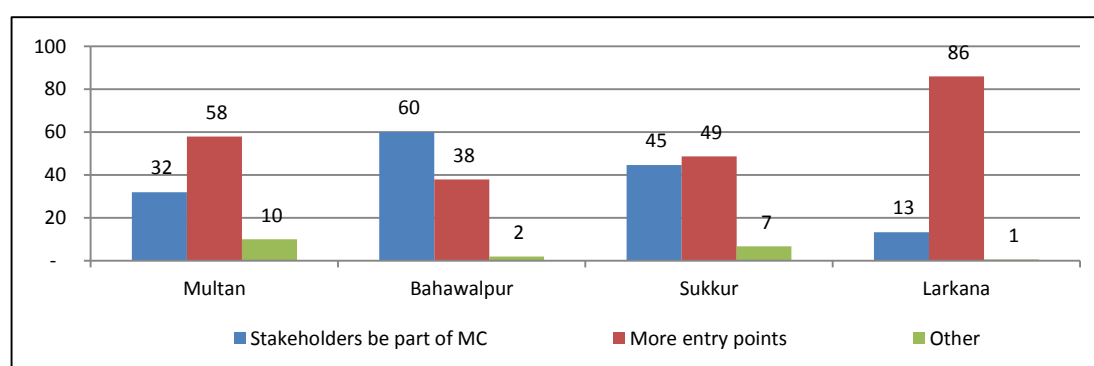


Figure 1: Suggestions to Improve Market Operations

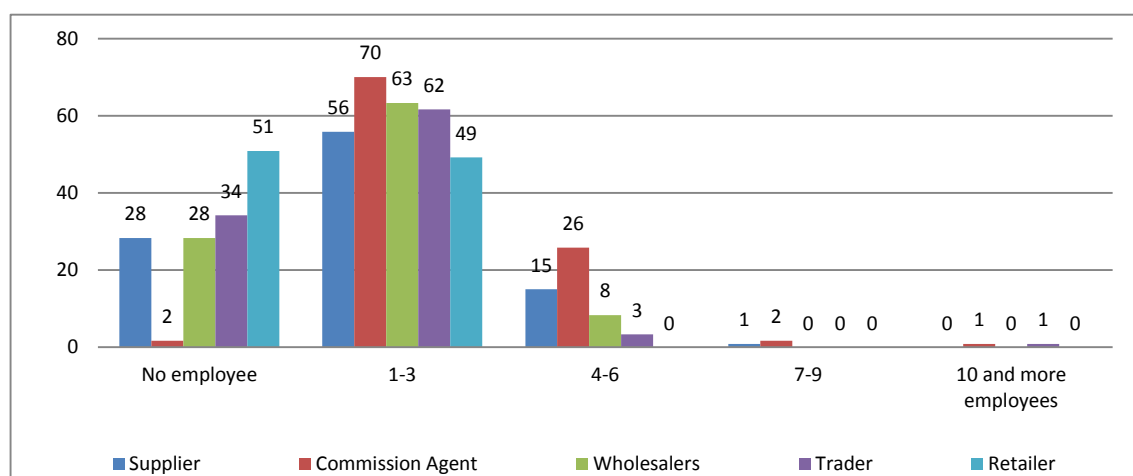
Provision of more entry points attracted maximum suggestion as 73% of traders, 62% of retailers and 60% of suppliers felt the need of more entry points. Participation of stakeholders in the market operations and management attracted responses of 51% of commission agents, 48% of wholesalers and 37% of suppliers.

Table 12: Participation of Stakeholders in the Market Operations and Management Attracted Responses in Percentage

Stakeholders	Responses		
	Stakeholders should be part of the market committees	More entry points to the Mandi	Other
Supplier	37	60	3
Commission Agent	51	46	3
Wholesalers	48	48	3
Trader	23	73	4
Retailer	28	62	10

4.1.2 Employment (for the Last Three Years)

The data reflects low level of employment in all stakeholders of value chain. 51% of retailers, 34% of traders, 28% of wholesalers and 28% of suppliers did not have any permanent employee. This indicates that a significant part of value chain is conducting business as self employed.

**Figure 2: No. of Permanent Employees Male**

In the category of 1-3 permanent employees, 70% commission agents, 63% wholesalers, 62% traders and 56% suppliers reported having 1-3 employees. Only 26% commission agents and 15% suppliers had 4-6 employees whereas very small percentage of wholesalers, retailers and traders had engaged 4-6 employees.

The limited capabilities of employment generation in agricultural marketing value chain were evident from the fact that only 2% of commission agents and 1% of suppliers had 7 to 9 employees. This fact was further endorsed from equally low level of sales and investment as analyzed in relevant sections.

The mandis reflected a poor gender balance as evident from the below graph. 100% of commission agents, wholesalers and retailers did not employ any female. Only 8% of suppliers confirmed having 4-6 female employees whereas only 3% suppliers had employed 7-9 female workers.

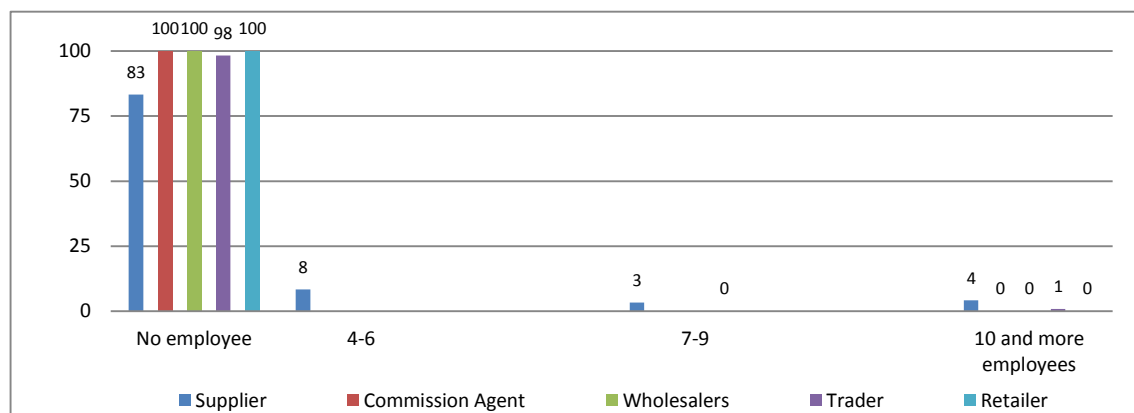


Figure 3: No. of Permanent Employees - Female

The self employed nature of business by a significant percentage of respondents was further verified by the results that 48% of retailers and 13 to 23% percentage of other value chain actors did not employed any temporary male employees as evident from the below graph. However, almost half of the respondents employed 1-3 employees whereas 38% suppliers had same level of temporary employment.

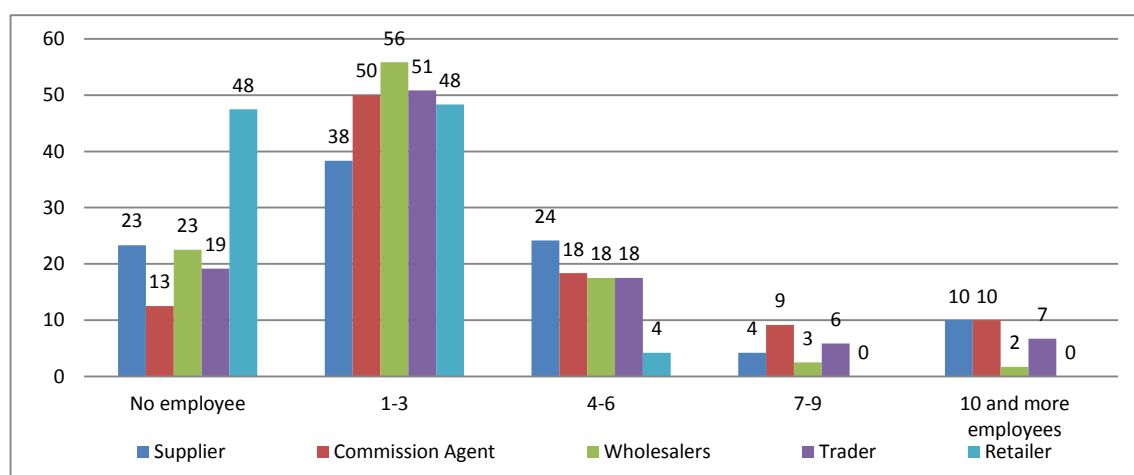


Figure 4: No. of Temporary Employees - Male

The engagement of temporary male employees reflected declining incidence as only 9% of commission agents employed 7-9 and 10% of suppliers and commission agents employed more than 10 temporary male employees.

The results of daily wages of permanent employees reflected that most of the employees were paid below Rs. 200 per day by majority of value chain actors. On average 76% of permanent employees had daily wages ranging from Rs. 101 to 200 whereas only 15% of employees had daily wages ranging from Rs.201 to 300. The details of individual stakeholders of value chain as reflected in below graph reveal that 88% of retailers, 87% of suppliers and 80% of wholesalers paid Rs. 101 to 200 per day to their permanent male employees. Only 27% of commission agents and 17% of wholesalers paid Rs. 201 to 300. The percentage of employees paid more than Rs.301 and above was very small as reflected in the graph.

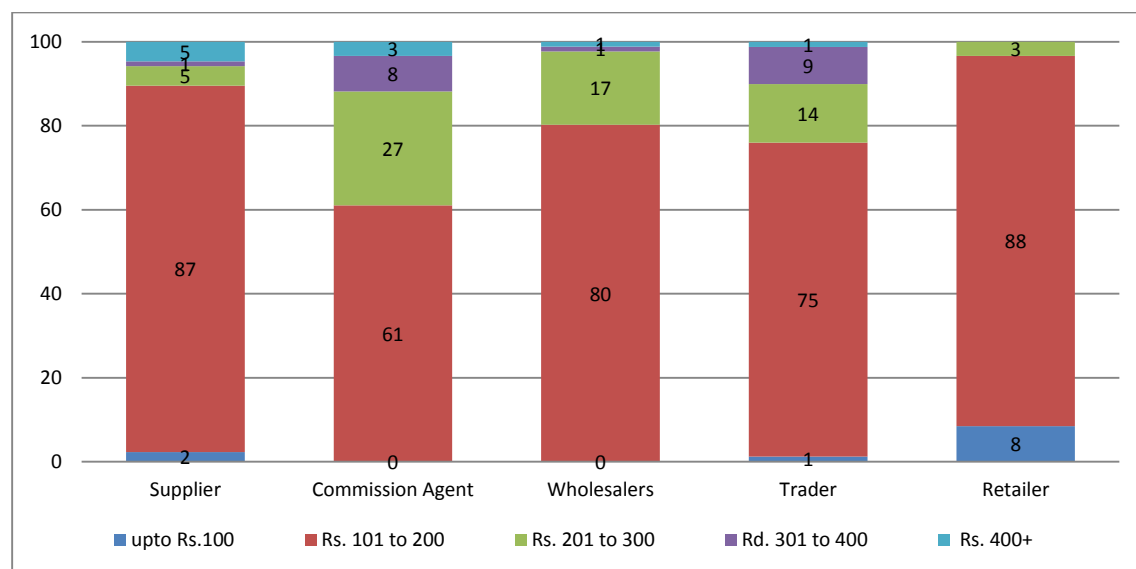


Figure 5: Permanent Employees Daily Wages

The level of daily wages was found lower than permanent employees as reflected in the following graph. On average, 80% employees were paid Rs. 101 to 200 per day. As reflected below, 91% of wholesalers, 83% of retailers and 77% each of suppliers and traders paid less Rs.101 to 200 per day to their temporary male employees. However, 19% commission agents and 14% each of traders and suppliers paid Rs.201 to 300 per day to their temporary male employees.

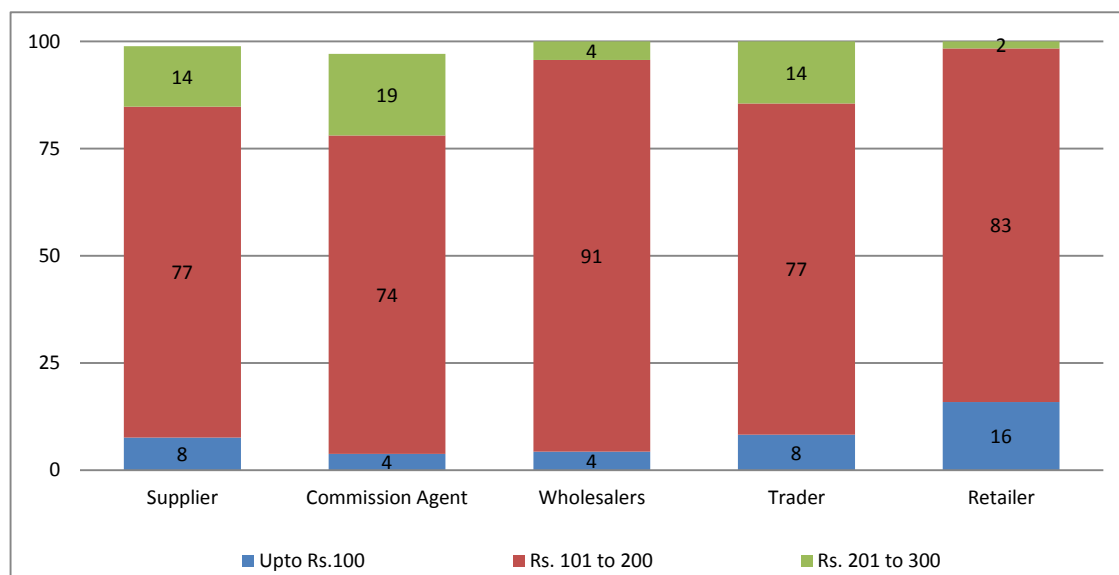


Figure 6: Temporary Employees Male Daily Wages

Data tables reveal that only 17% of suppliers and 2% of traders had employed temporary female workers. Daily wages of 58% of temporary female workers were paid in the range of Rs.100 per day whereas 42% of female temporary employees were paid Rs. 101 to 200 as reflected in the following graph:

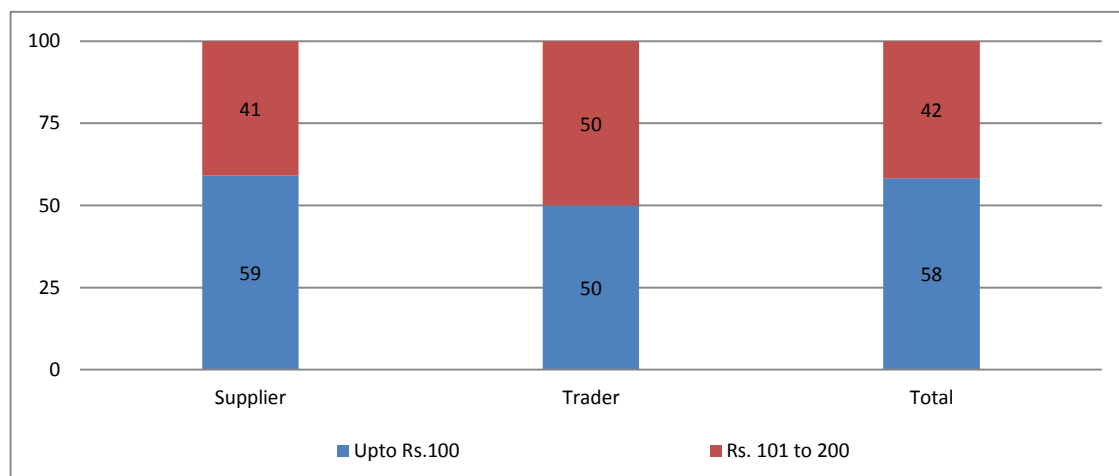


Figure 7: Temporary Employees Female Wages

4.1.3 Membership of Trade Organizations/Associations

A low level of possible linkages through trade organizations emerged in the value chain except commission agents as 91% of them had confirmed presence of their trade organization. 94% of suppliers, 77% of traders, 73% of retailers and 68% of wholesalers were not aware of presence of any respective trade organization/ association.

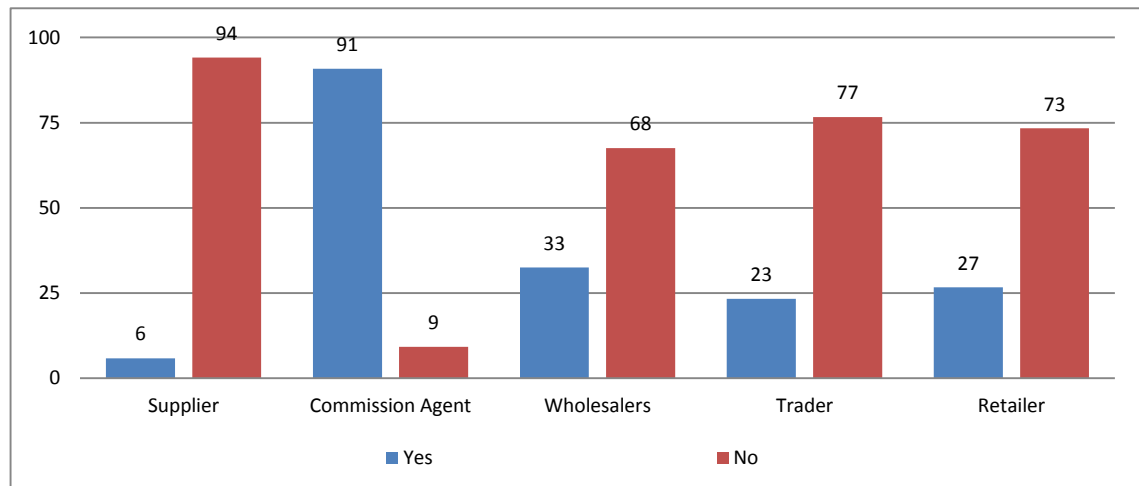


Figure 8: Presence of Trade Associations

The most networked stakeholder was found as commission agent with 75% of them having membership of their trade association. 67% of wholesalers and 54% of traders were also members of their respective trade organization. However, the suppliers emerged as least networked stakeholder as 71% of them were not registered members of their trade organization.

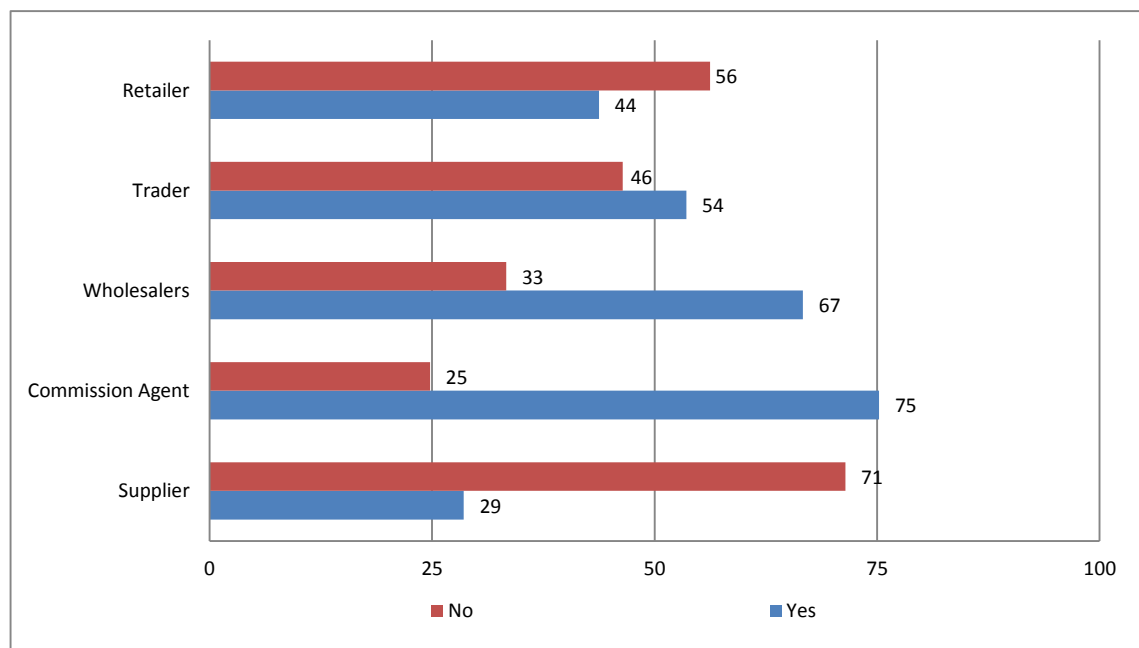


Figure 9: Membership of Trade Associations

4.1.4 Market Infrastructure

Market infrastructure has direct bearing on market efficiency and, hence, is considered a very crucial parameter to be evaluated. As following graph reveals, 63% of suppliers, 58% each of commission agents and wholesalers expressed satisfaction on existing infrastructure. On the contrary, 58% of retailers and 56% of traders expressed their dissatisfaction with market infrastructure.

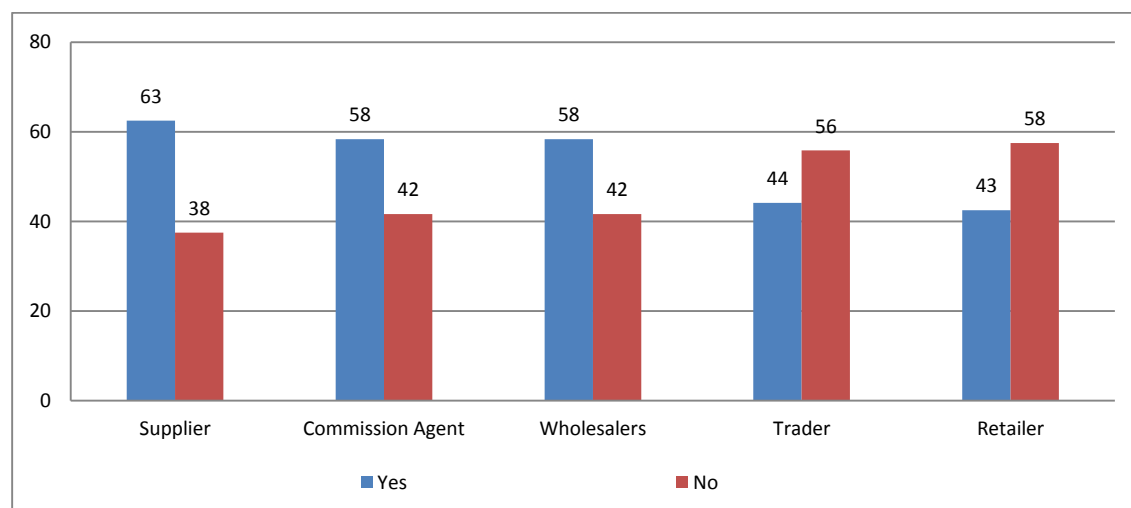


Figure 10: Satisfaction Rate of Market Infrastructure

Stakeholders expressed their observation on existing status of infrastructure and gave suggestions on required improvements. Comments were asked about roads, sewerage, electricity, water, covered shade, platforms, cold storage, toilets and boundary walls being the most crucial parameters of Mandi infrastructure.

Roads

Majority of stakeholders of Multan Mandi assessed their roads as good to satisfactory as only 41% commented that roads were fair or poor. Similar assessment was put forward by the stakeholders as 41% assessed their roads as very good and 11% as good. However, assessment was rated as fair to poor in case of Sukkur and Larkana where a whopping 90% and 100% respectively expressed the condition of their roads as fair to poor. Field visits confirm the assessment of Sukkur and more so Larkana.

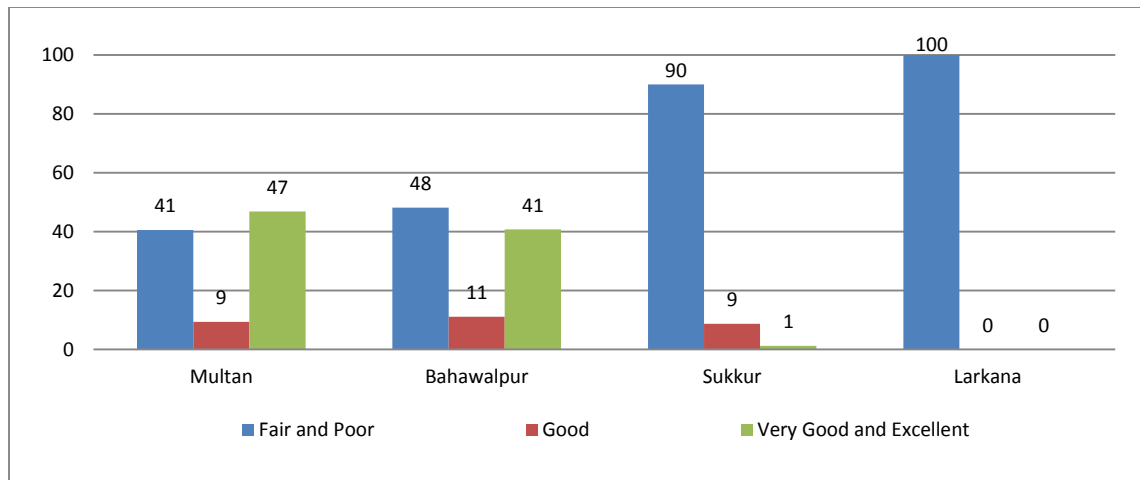


Figure 11: Assessment of Roads

As far as the kind of improvement was required, 67% of all stakeholders suggested for wider roads followed by another 26% suggesting pavement of roads. Surprisingly, only about 6% suggested better maintenance among all stakeholders.

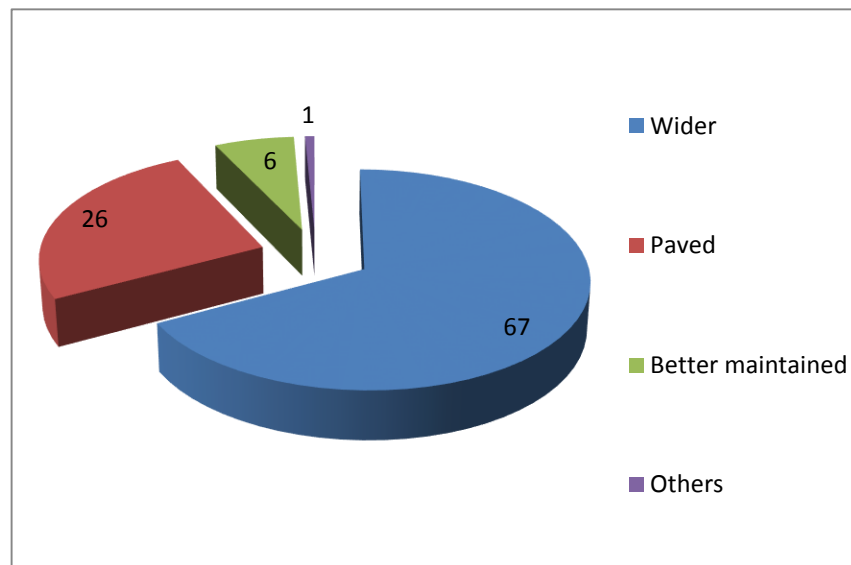


Figure 12: Improvement for Roads – All Districts

Sewage

The sewage system was assessed mostly as fair to poor. Stakeholders of Larkana and Sukkur rated their sewerage as 99% and 96% as fair to poor respectively. Despite having new infrastructure in use since 2009, 83% stakeholders of Bahawalpur rated their sewage as fair to poor. 59% of stakeholders of Multan Mandi rated their sewage

system as fair to poor. Physical verification indicated that the rating of fair to poor was closer to poor status due to poor maintenance or obsolete structure.

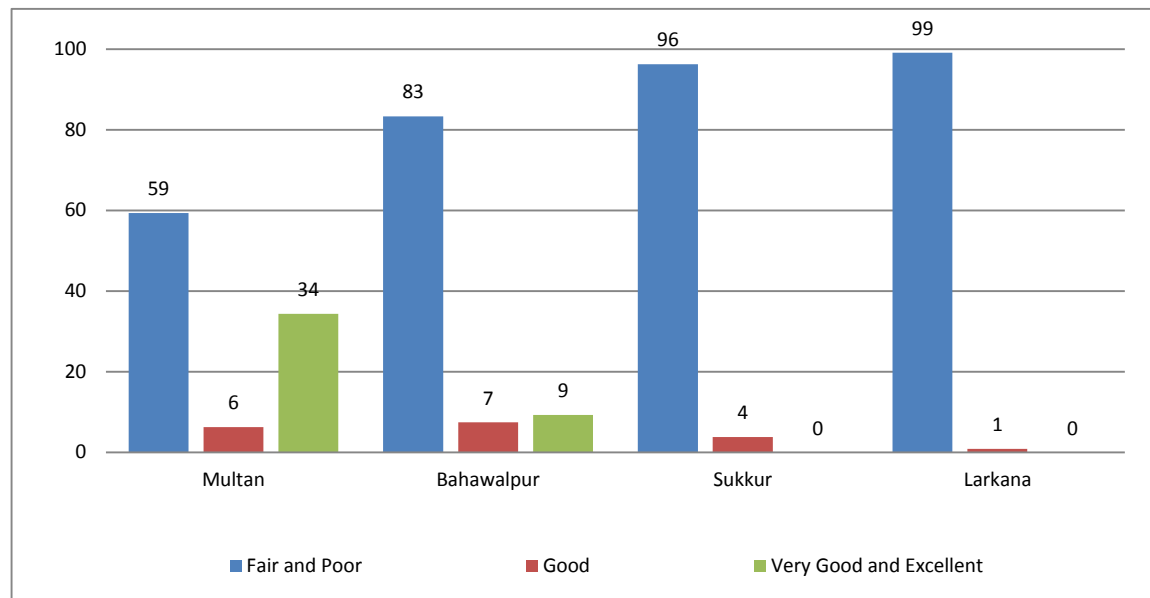


Figure 13: Assessment of Sewage System

Based on three indicated parameters, 40% of stakeholders suggested more gutters, 38% of stakeholders were for more pipes and 21% for unblocking for their sewage system improvement.

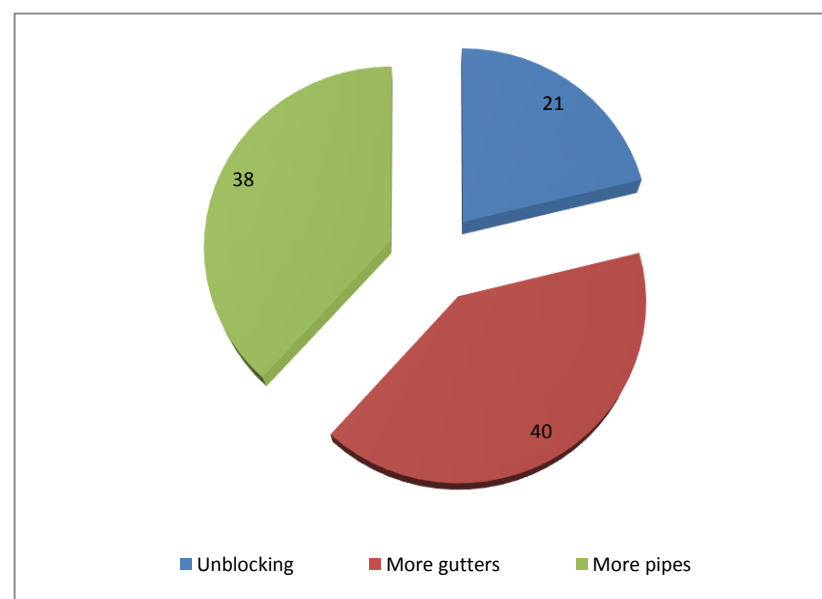


Figure 14: Improvements for Sewage System

Electricity

Electricity supply is crucial for efficient business. Majority of stakeholders rated the supply of electricity as fair to poor, as 75% stakeholders from Multan, 73% from Larkana, 63% from Sukkur and 59% from Bahawalpur expressed similar assessment.

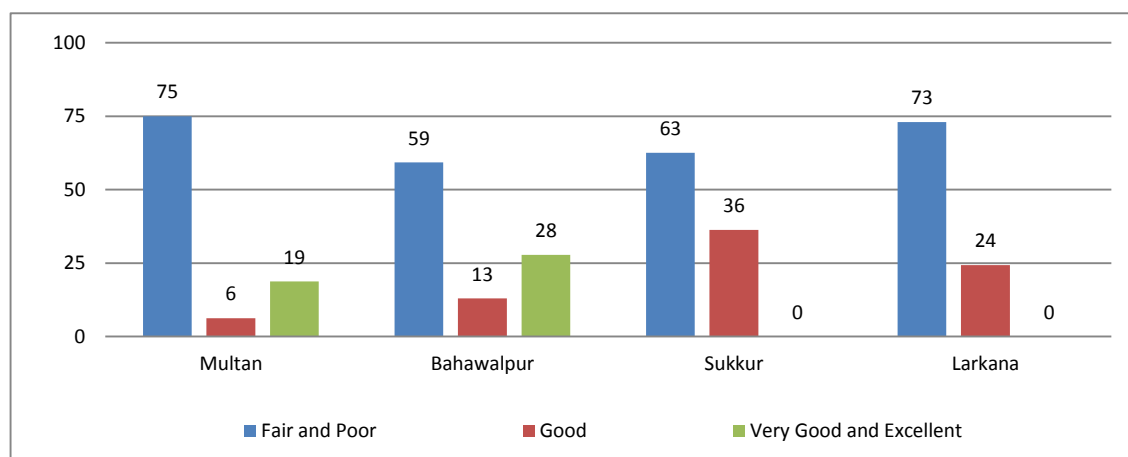


Figure 15: Assessment of Electricity Supply

Regular supply was the major suggestion as 69% of stakeholders favored for regular supply for improvement in electricity supply. However, 26% of stakeholders suggested bigger transformer for electricity supply improvement.

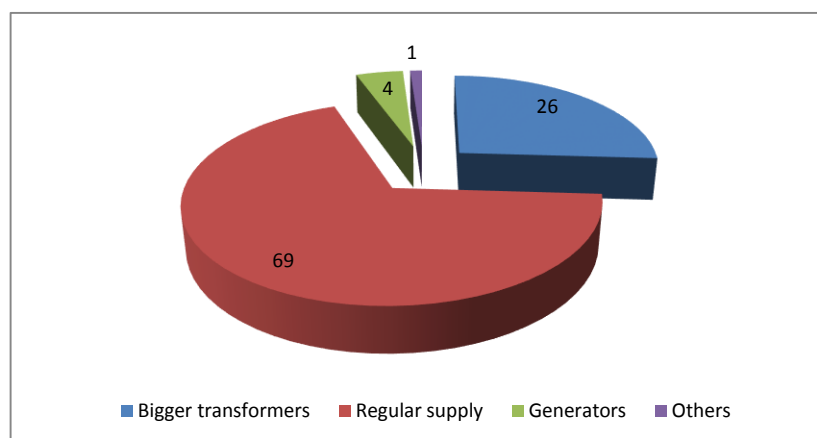


Figure 16: Improvement for Electricity Supply

Water

Water supply in three mandis was rated as fair to poor whereas Larkana Mandi was rated to have 57% good and very good condition. Sukkur had the lowest assessment with 89% stakeholders rating their water supply as fair to poor followed by Multan as 72% and Bahawalpur as 59%.

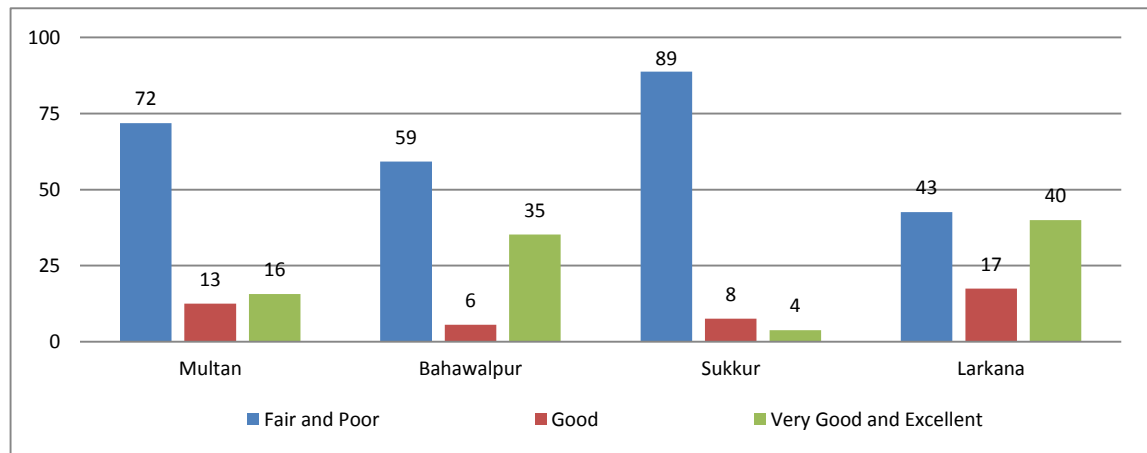


Figure 17: Assessment of Water Supply

Cleaner water was most prominent suggestion as 56% of stakeholders in all mandis felt cleaner water as the most urgently needed improvement followed by 40% suggesting as regular supply as the most needed improvement.

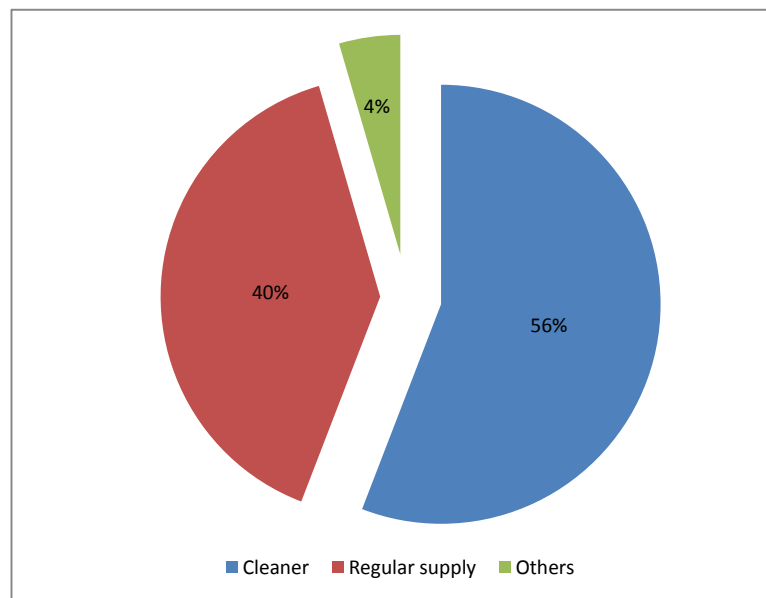


Figure 18: Improvements for Water Supply

Covered Sheds

31% of stakeholders of Multan rated their sheds as very good whereas another 28% rated it as good. However, same was not the case with other mandis as 80% of stakeholders of Larkana and 63% from Bahawalpur rated the condition of their sheds condition as fair to poor.

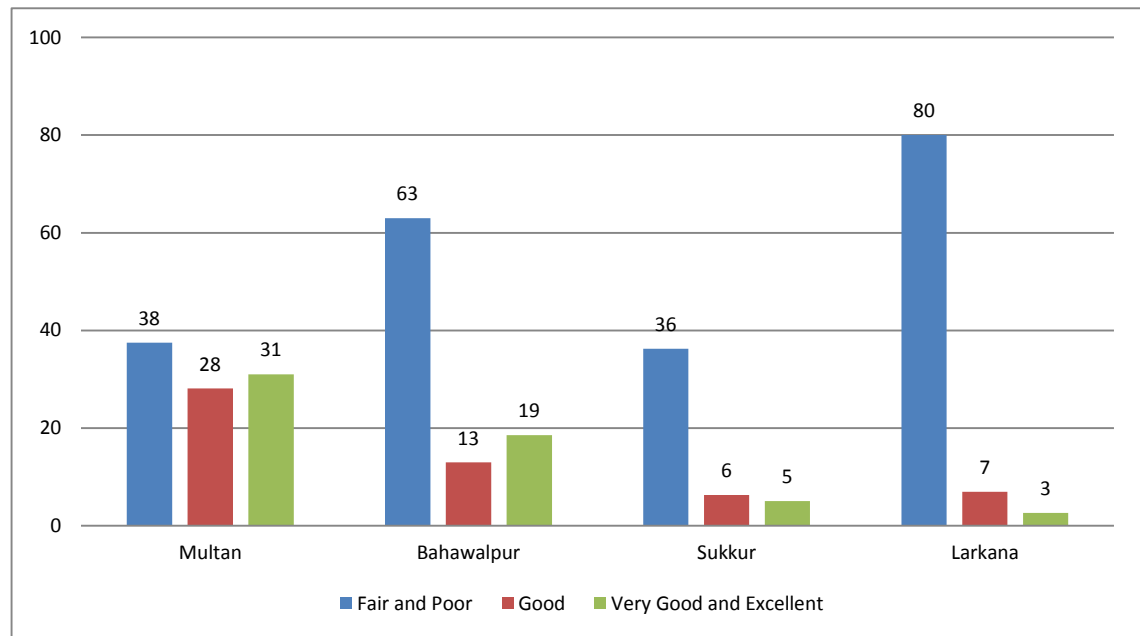


Figure 19: Assessment for Shed

Covering the uncovered sheds was the most suggested improvement step by 51% of stakeholders, whereas, 33% felt the need for more sheds.

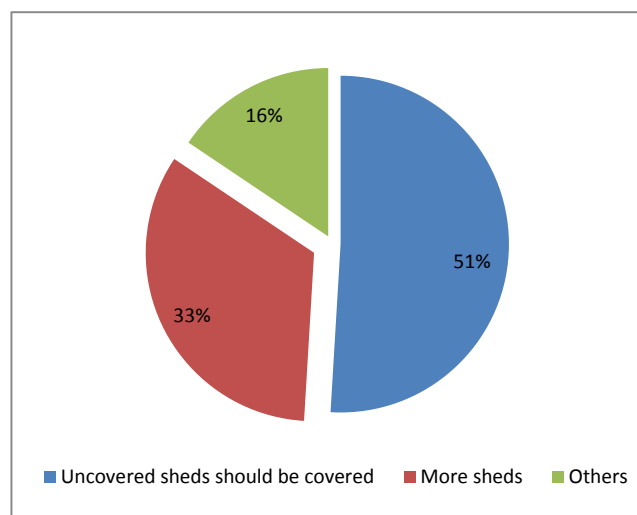


Figure 20: Improvements for Shed

Platforms

A whopping majority of 94% of stakeholders of Larkana rated their auction platforms as fair to poor. 54% stakeholders each of Sukkur and Bahawalpur rated their auction platform as fair to poor. Stakeholders from Multan had an even assessment with 31% as very good and 34% rated it as fair to poor.

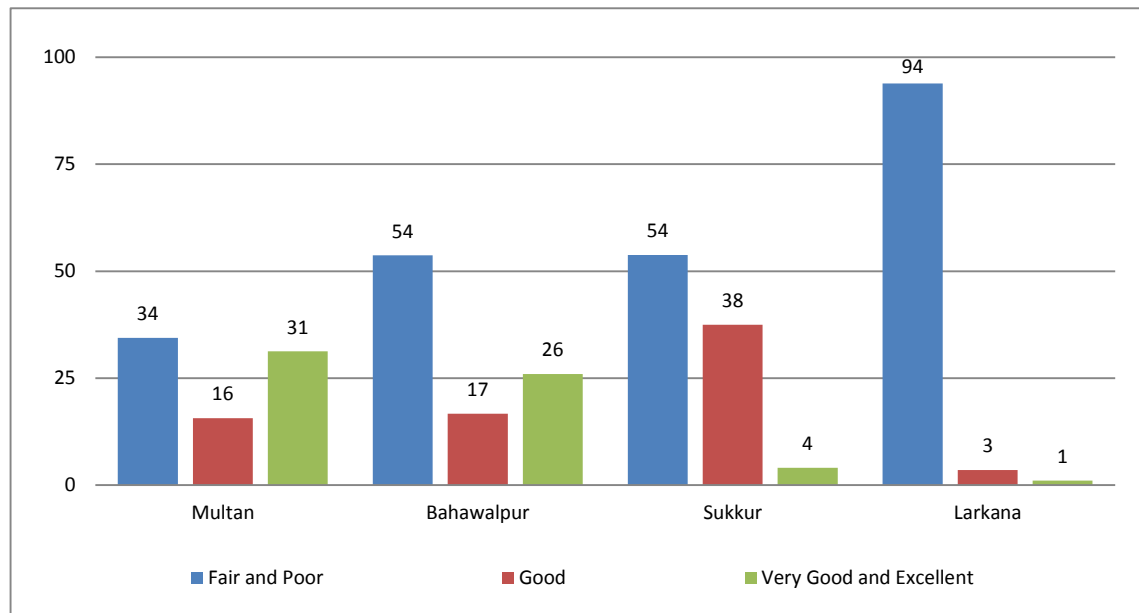


Figure 21: Assessment for Platform

63% stakeholders of all mandis suggested bigger platforms as most preferred improvement step. 37% of stakeholders had other suggestions for improvement.

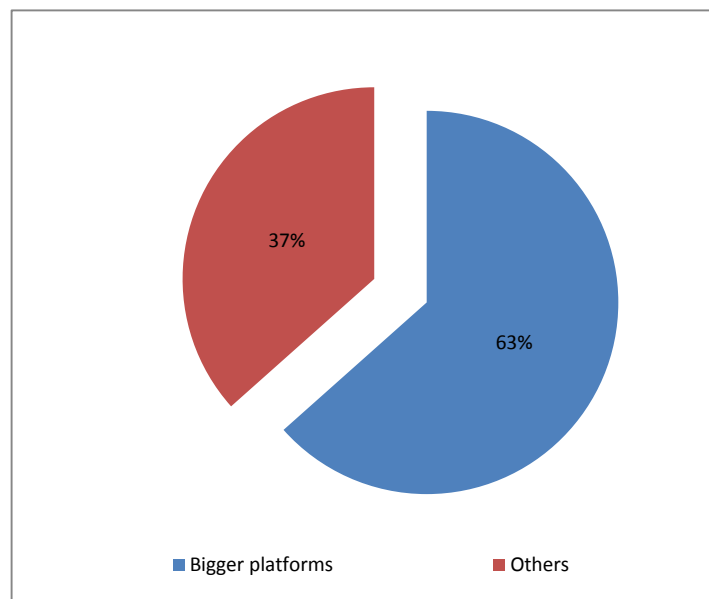


Figure 22: Improvement for Platform

Cold Storage

57% of total stakeholders rated their cold storage facilities as fair to poor. Only 7% rated these facilities as very good and excellent. On individual Mandi basis, 89% of

stakeholders from Larkana rated their cold storage facilities as fair to poor followed by 55% from Sukkur and 28% from Multan.

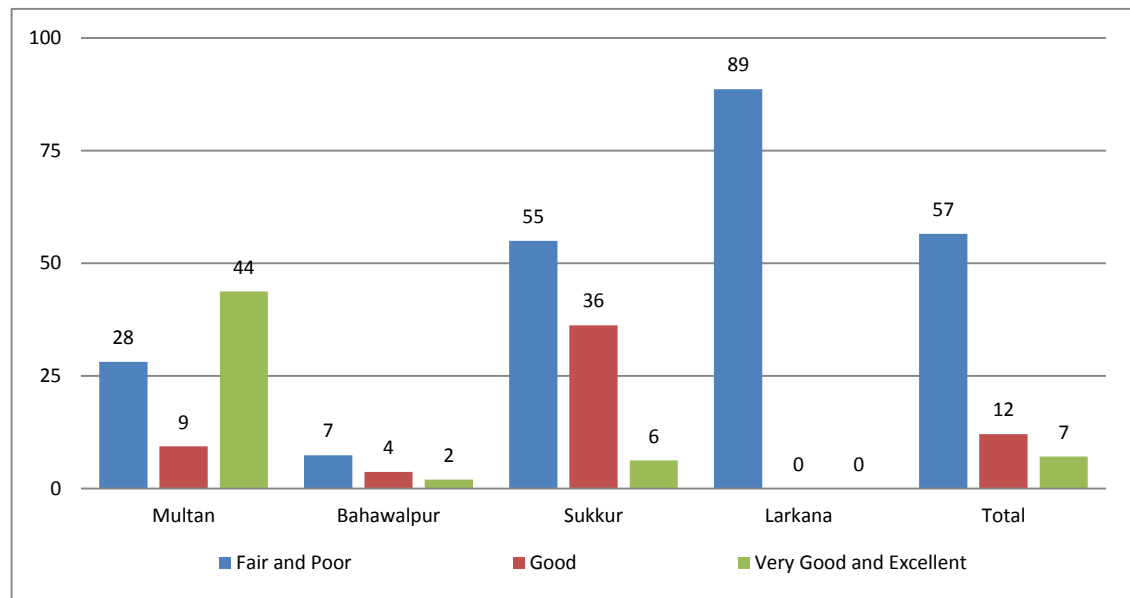


Figure 23: Assessment for Cold Storage

Number of available cold storage facilities was considered to be the most needed step of improvement as 82% of total stakeholders thought it was a step in the right direction.

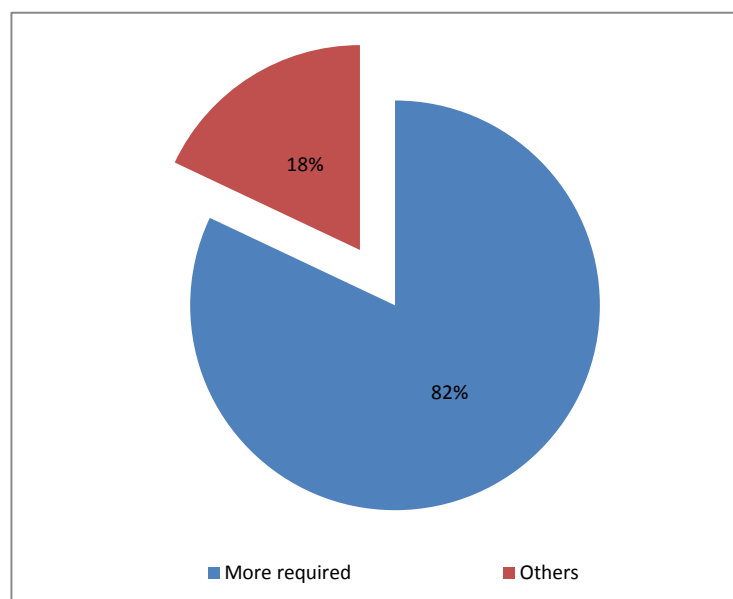


Figure 24: Improvement for Cold Storage

Toilets

Toilet facilities were mostly rated fair to poor as 96% stakeholders from Larkana, 81% from Bahawalpur, 75% from Multan and 73% from Sukkur confirmed this assessment. Only a small percentage of about 20% from Sukkur rated their facilities as good. Only a small percentage of about 20% from Sukkur rated their facilities as good.



Figure 25: Assessment of Toilet Facilities

76% of total stakeholders suggested increasing number of toilets as an improvement step for toilet facilities.

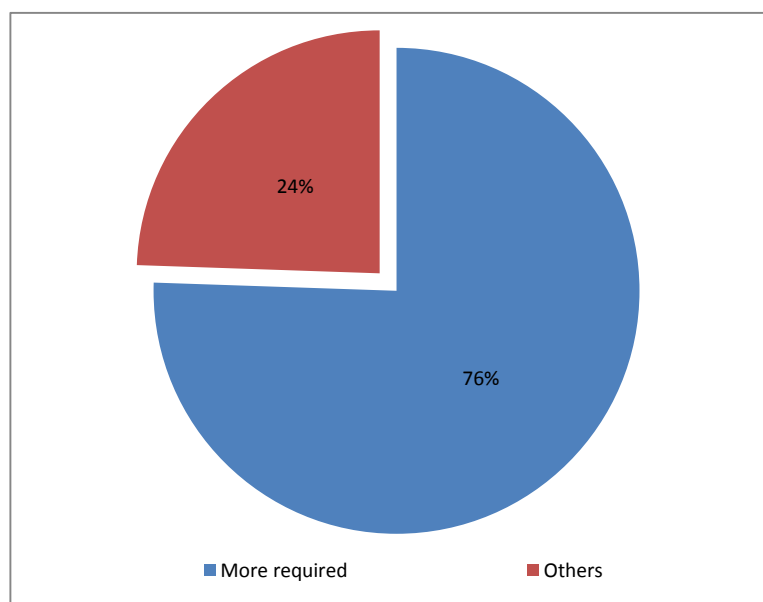


Figure 26: Improvement for Toilets

Boundary Walls

59% stakeholders from Bahawalpur and 38% from Multan rated their boundary walls as very good to excellent. However, a sizable 56% stakeholders from Multan, 35% from Bahawalpur and 23% from Sukkur rated their boundary walls fair to poor desiring improvement.

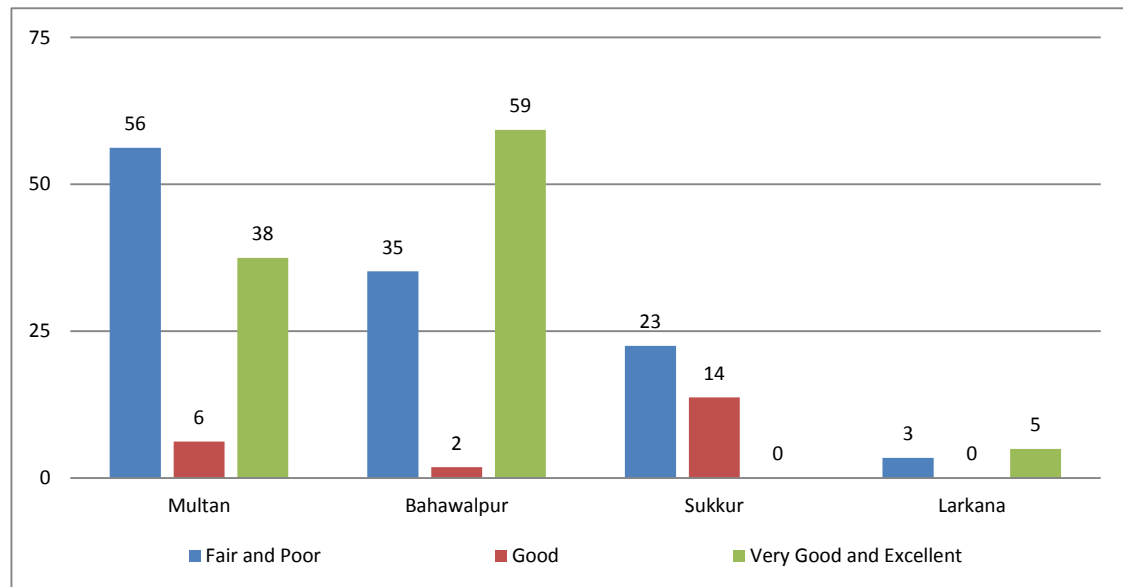


Figure 27: Assessment of Boundary Walls

Based on vague option of “more required”, 65% of stakeholders suggested more boundary walls as an improvement step for their mandis.

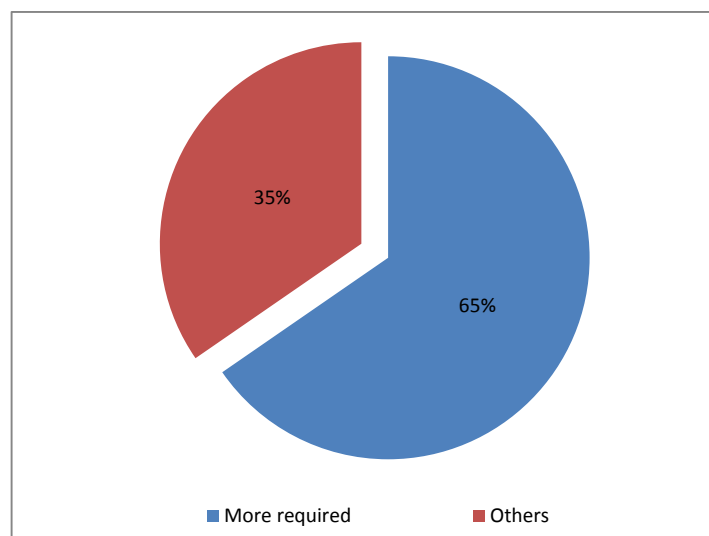


Figure 28: Improvements Required for Boundary Walls

4.1.5 Role of Market Committees

Market committees are vital institution in existing agricultural marketing framework. The awareness about their role, participation of stakeholders in mandi operations through market committees and opinion on their advantages and disadvantages are vital indicators of how the stakeholders and marketing framework interacted. The following section offers some plausible explanation on this crucial relationship.

All stakeholders had a range of opinions regarding the possible role of market committees. Most common thoughts on role of market committees included; collection of market fee, maintenance of infrastructure, dispute resolution, checking malpractices, provision of security and cleanliness of mandis. The number of respondents mentioning various roles as they thought is enumerated in the following table:

Table 13: Major Roles of the Market Committee					
What are the major roles of the market committee?					
	Supplier	CA	WS	Trader	Retailer
Collect market fees	73	83	84	77	74
Maintain infrastructure	32	47	47	37	44
Monitor market prices	37	35	40	52	55
Dispute resolution	16	22	9	20	22
Checking of malpractices	24	23	14	32	9
Implementation of rules & regulations	21	20	18	23	9
Provision of security	31	18	18	6	14
Cleanliness & hygiene	28	21	31	15	25

The results suggested that majority of stakeholders felt that they did not participate or were not allowed to participate in the operation/ management of the market committees. 80% of traders, 78 % of suppliers and retailers and 70 % of wholesalers felt that they were not participating in the operations and management of market committees. 67% of commission agents were also of the same opinion.

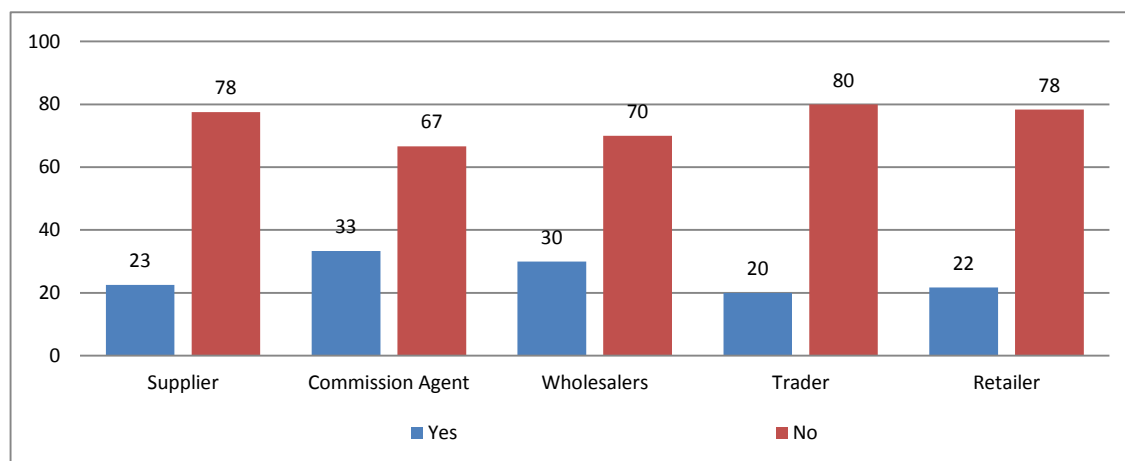


Figure 29: Participation of Agents, Buyers and Sellers in the Management of the Market Committee

When asked if they should participate in the operations and management of market committees, almost half of them expressed their willingness. 48% each of suppliers, commission agents and wholesalers felt positive to participate. However, 62% of retailers and 60% of traders expressed their intention of not participating in the operations and management of market committees.

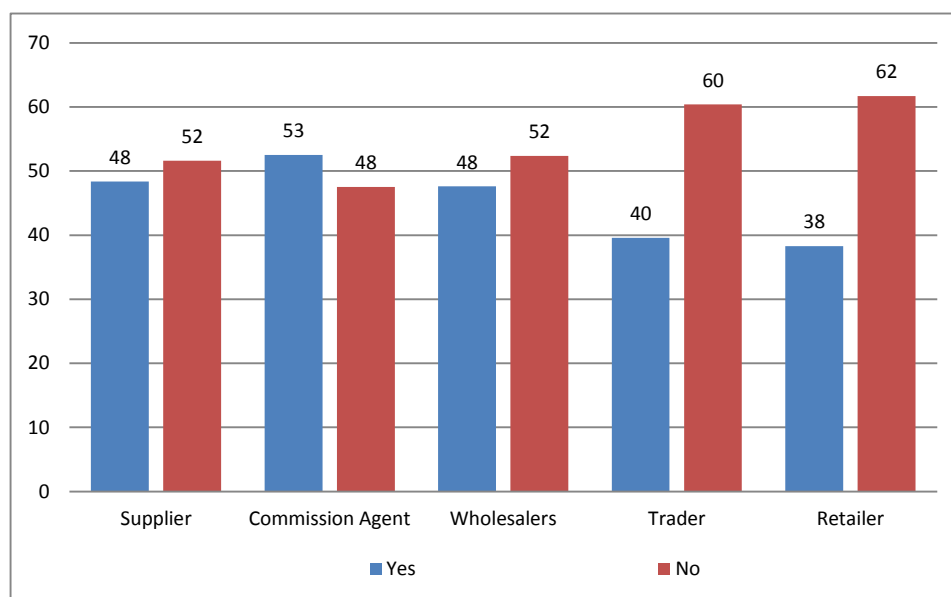


Figure 30: Opinion Regarding the Involvement of Stakeholders in the Management of the Market Committee

Stakeholders of all mandis had a majority view of non satisfaction on the working of marketing committees. As reflected in below graph, 69% of traders, 66% of wholesalers,

64% of suppliers, 63% of commission agents and 62% of retailers were not satisfied with the role of market committees.

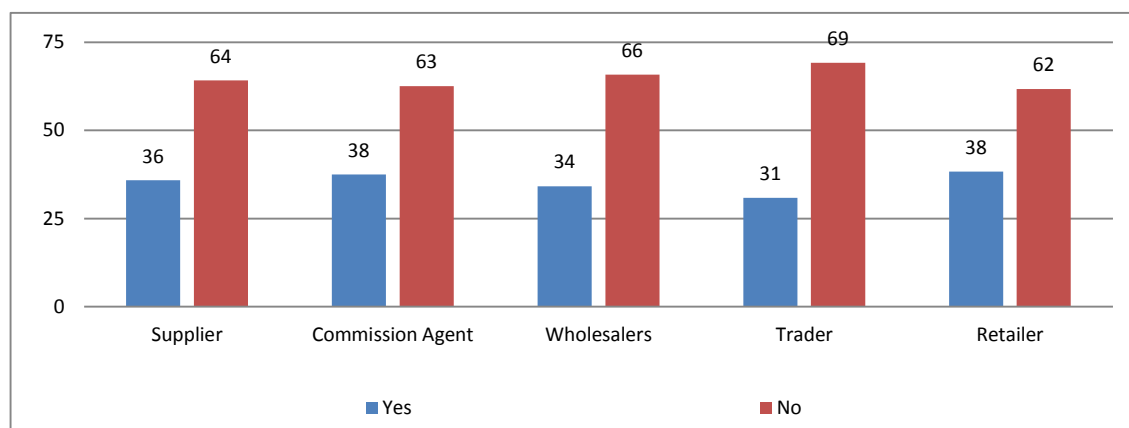


Figure 31: Satisfaction with the Role of Market Committee

4.1.6 Financial Sustainability of Mandis

Stakeholders were asked what they thought were the sources of finances for the mandis' operations. Revenues through market committee were mentioned as a major source of funding as expressed by 93% of retailers, 89% of suppliers, 83% of commission agents and 82% each of traders and wholesalers. 14% of traders, 13% of wholesalers and 12% of commission agents mentioned license fee as revenue source for market committee.

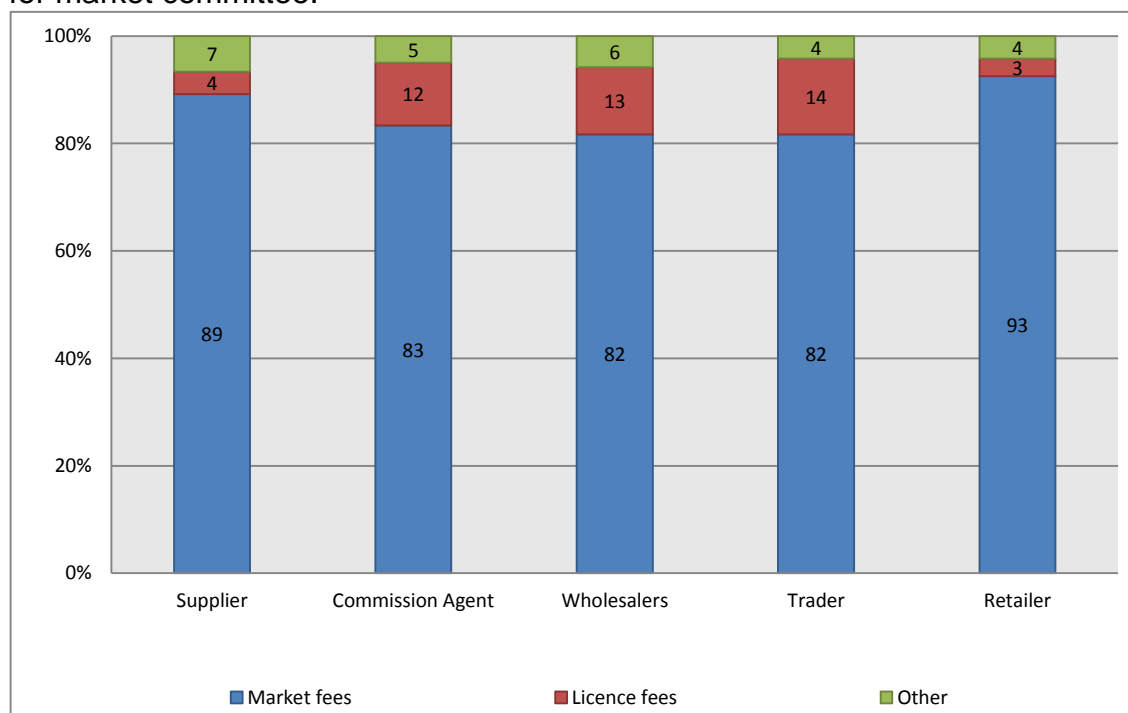


Figure 32: Source of Funding Mandi's Finance

The question of whether commission agents pay any amount to market committee for Mandi operations was replied in affirmative. Majority of stakeholders believed so as evident from the graph that 68% of suppliers, 62% each of commission agents and retailers, 52% of wholesalers and 49% of traders thought that commission agents do pay some amount for market committee operations.

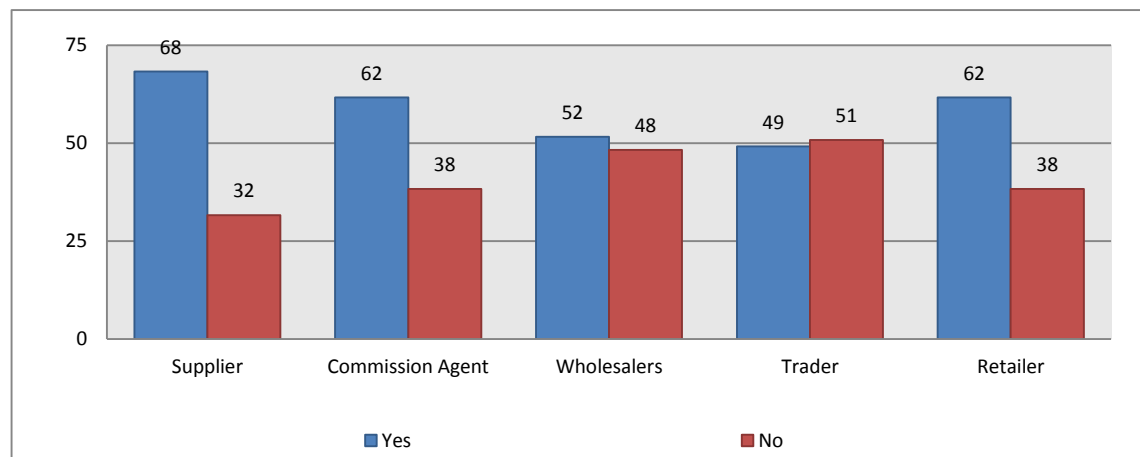


Figure 33: Payments from Commission Agents

Stakeholders were asked to suggest means of financing to improve sustainability of market committees. From the given choice of government financing and others, all stakeholders overwhelmingly suggested government financing as means to improve financial sustainability of market committees. 99% each of suppliers, traders and retailers and 98% each of commission agents and wholesalers thought government financing as the way to finance market committee operations.

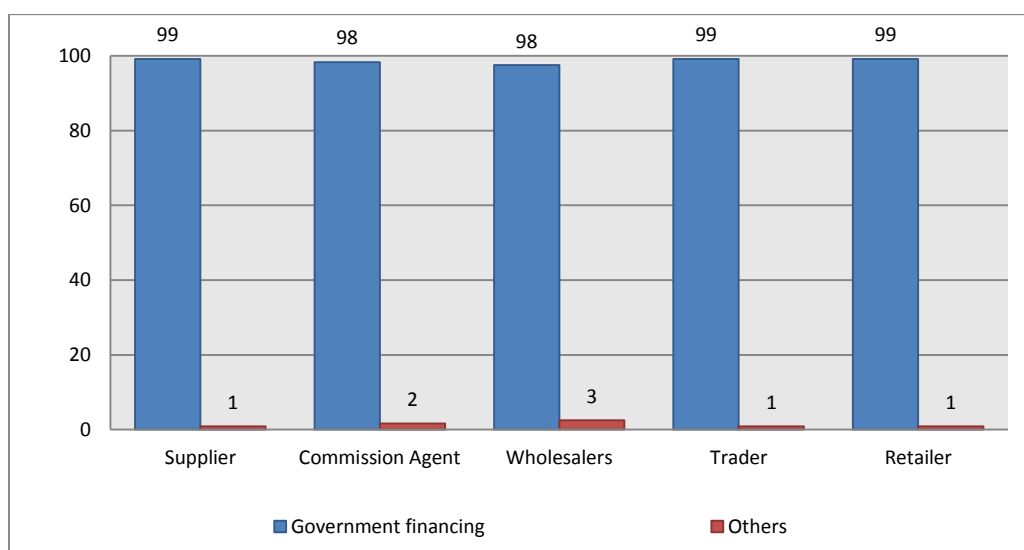


Figure 34: Suggestions to Improve Financing

4.1.7 Sales in the Last Year

The question to know the total sales in the last year offered a mix of business turnover range. 76% of retailers reported having less than Rs.0.5 millions sales during last year whereas 40% each of traders and wholesalers also confirmed being in the same range of sales. 32% each of commission agents and suppliers reported their last year sales ranging from Rs.0.5 to 1 million whereas 25% wholesalers and 23% traders also confirmed the same sales last year.

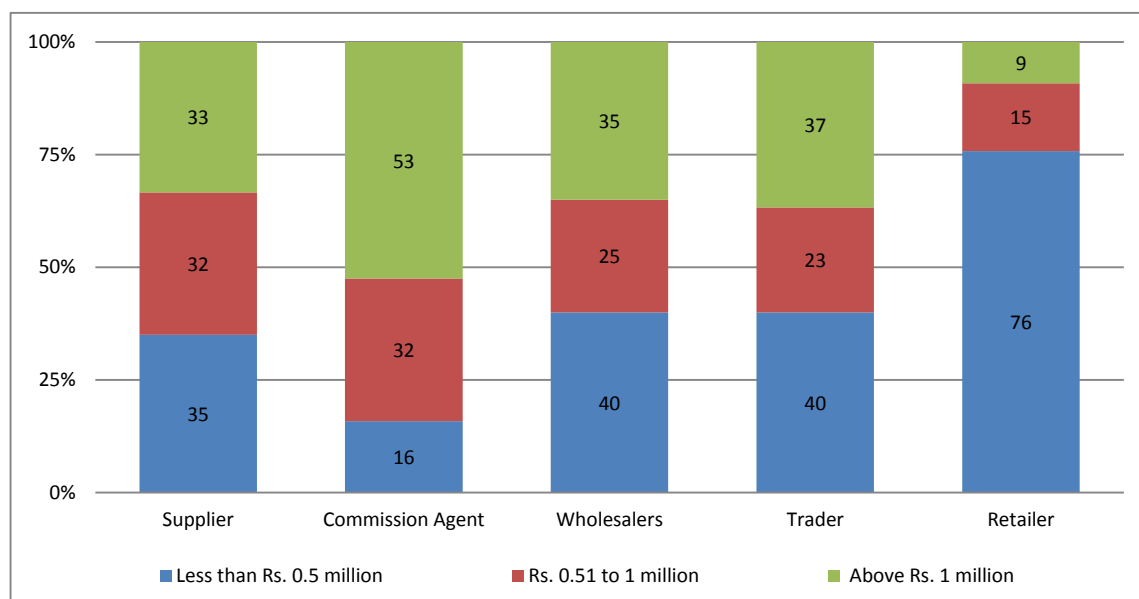


Figure 35: Annual Turnover

4.1.8 Training and Standards/ Certificates

The question of training needs and certification offered multiple requirements. Training needs in harvesting and packaging attracted more choices. 53% of traders, 45% of wholesalers and 41% retailers expressed their desire to have training in harvesting. 40% of traders and 38% each of suppliers and retailers mentioned packing and grading as their training and certification requirement. The interest in transportation and storage was relatively on lower side as only 20% of wholesalers and 32% of commission agents mentioned it as their training need.

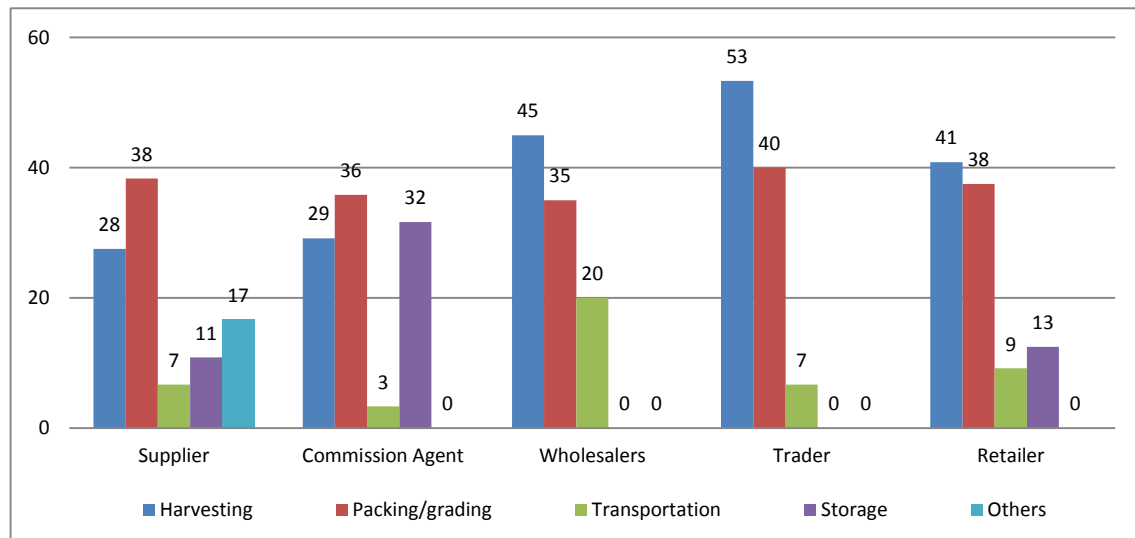


Figure 36: Training Requirements

The question to ascertain if the stakeholders adhered to any standards or possessed any certificate offered quite revealing results as almost 100% of suppliers, retailers and wholesalers replied not having any certificate or adhering to any standards. Only 1% commission agents and 9% traders mentioned having adhered to some standards or in possession of certificate. This reflected the general plight of the market which thrived on non-adherence to any standards.

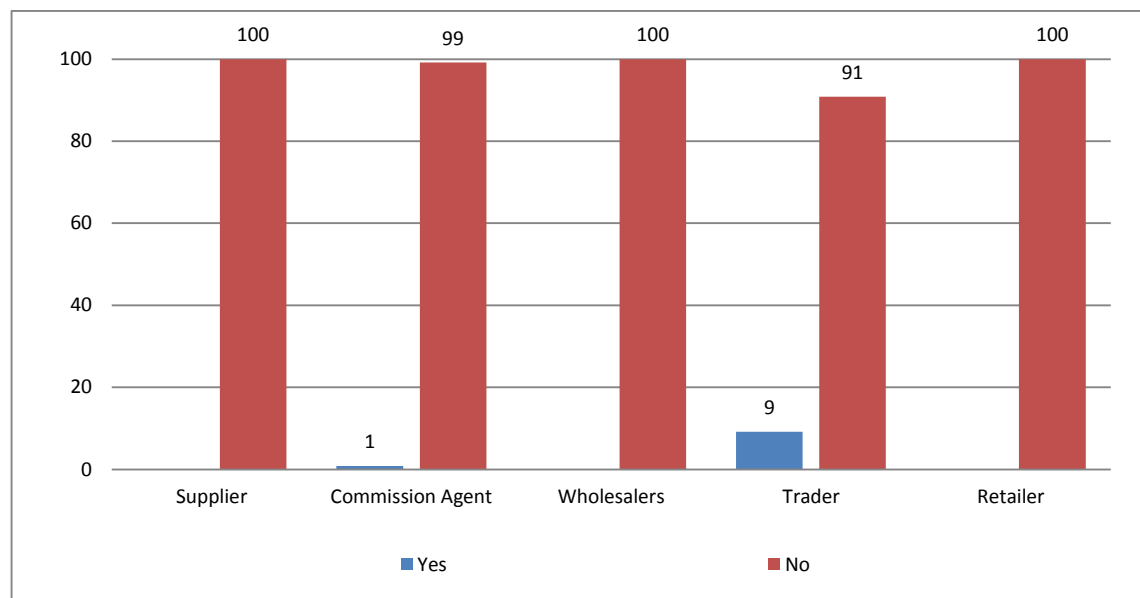


Figure 37: Adherence to Industry Standards & Possession of Certificates

4.1.9 Opinion on Current Law on Mandis (only for Punjab)

Ignorance prevailed across the board when asked if stakeholders were aware of current laws on mandis i.e. Punjab Agricultural Produce Market Ordinance 1978 and Punjab Agricultural Produce Market (General) Rules 1979. Ignorance was overwhelming, ranging from 98% by suppliers and commission agents and 99% each among traders and retailers to 100% among the wholesalers.

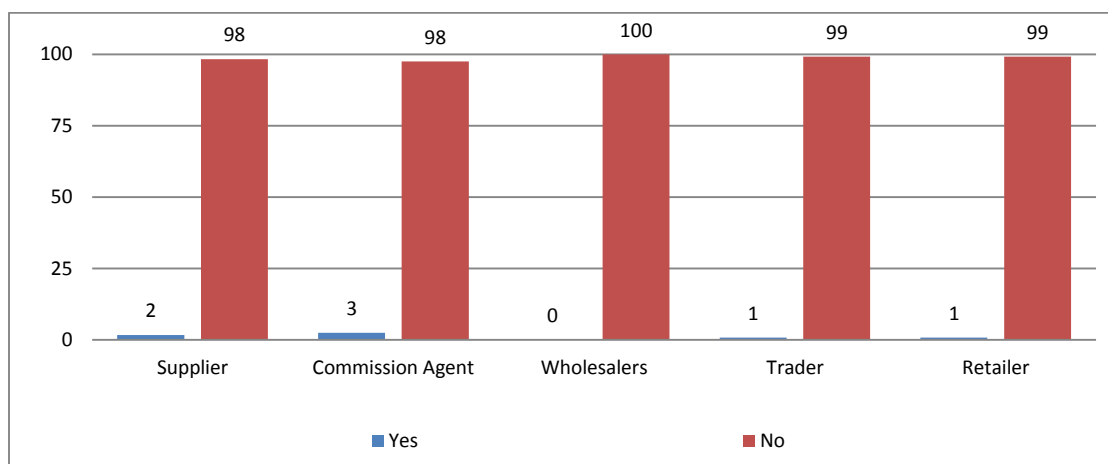


Figure 38: Awareness Regarding Mandi Regulations

The subsequent responses on questions about advantages and disadvantages of the laws and suggestions to improve this law appeared not substantive and relevant in view of the massive prevailing ignorance about the law as revealed in above graph.

The question to explore what channels of dispute resolution were availed, offered a blend of various channels. Trade association appeared most common channel used as 55% of commission agents, 47% of traders, 44% of wholesalers, 38% of retailers and 35% of suppliers preferred this channel. Market appeared 2nd most used channel of dispute resolution as all stakeholders mentioned availing this channel with varied levels of 15-30%. Arbitration was commonly used channel too with 35% of suppliers and 33% of wholesalers having used this channel in the past. Other channels were used as well as reflected by 23% of retailers and 13% of suppliers having used other channels.

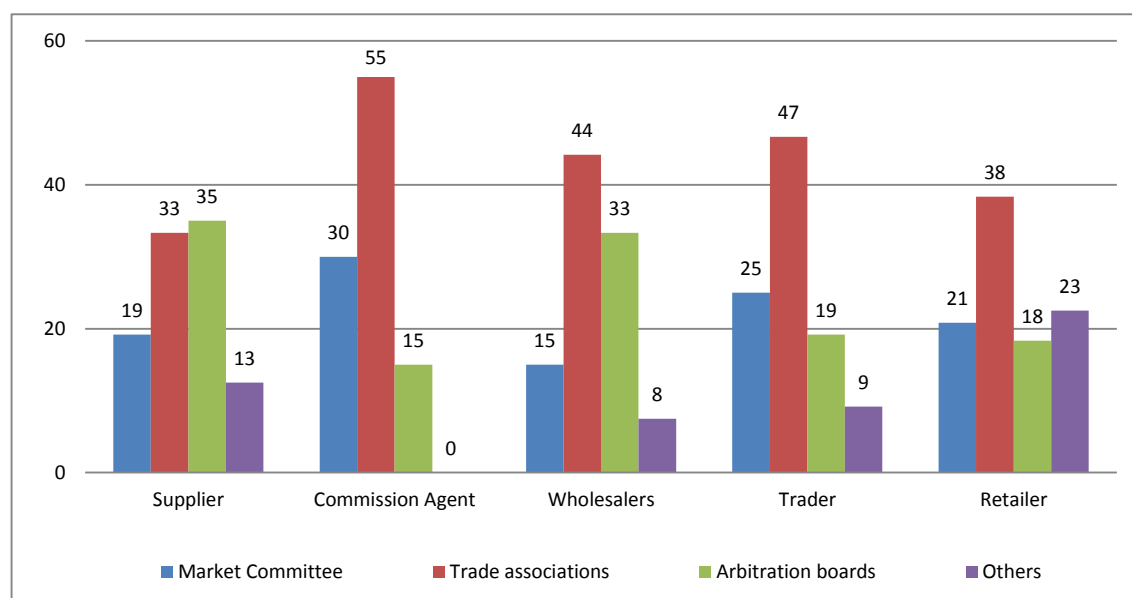


Figure 39: Channels of Dispute Resolution

4.2 Entrepreneurial Dimensions and Inter linkages of Value Chain

4.2.1 Sources of Supply

The sources of supply differed for each stakeholder depending upon the nature of business. Multiple choices were asked with options available in each of supply source as farmers/growers, contractors, traders and others. As the following table reveals, farmers had 100% own source but 18% farmers sourced from fellow farmers as well. The trader as supplier had 81% supplies from farmers option, 38% supplies from other mandis and 35% from other contractor's option.

Table 14: Source of Supplies in Percentage (%)			
Source of Supplies			Percentage (%)
Supplier	Farmer	Self	100.00
		Other Farmers	18.18
	Trader	Farmer	81
		Other Mandis	38
		Contractor	35
		Other	5
	Contractor	Farmers	100

Table 14: Source of Supplies in Percentage (%)		
Source of Supplies		Percentage (%)
Wholesalers	Commission Agent	98
	Farmer	35
	Contractor	27
	Traders	8
Retailer	Farmer	16
	Contractor	21
	Traders	18
	Commission Agent	76
Commission Agent	Farmer	92
	Contractor	74
	Traders	56
Trader	Commission Agent	78
	Farmer	51
	Contractor	57
	Traders	2

The above table reveals that wholesalers sourced 98% from commission agents option and 35% from farmer option. Retailer had also sourcing dependence on commission agent with 76% incidence and contractor as 21%. Commission agent relied 92% on farmers' choice, 74% on contractors and 56% on traders. Traders had also similar pattern as they sourced their supplies as 78% from commission agent, 57% from contractors and 51% from farmers option.

4.2.2 Buyers of Produce

Multiple choices were offered to different stakeholders depending upon their nature of business e.g. suppliers were asked to check from options of commission agents, wholesalers, traders, retailers, processors and exporters. Similarly, other stake holders were offered different set of choices as revealed in the following table which consolidates the responses from all stake holders.

Suppliers mentioned commission agent as 88% choice as buyers whereas wholesale was 43% and traders as 39% from the given option category. Wholesalers mentioned that retailer was their buyer as 97% in this option category whereas trader was 41%. Retailer had 100% consumers as buyers.

Table 15: Buyers of Produce in Percentage (%)		
Buyers of Produce		Percentage (%)
Suppliers	C. Agents	88
	Wholesalers	43
	Traders	39
	Retailers	28
	Processor	3
	Exporter	9
Wholesalers	Traders	41
	Retailers	97
	Processor	8
	Exporter	3
Retailers	Consumer	100
Commission Agents	Wholesalers	97
	Traders	68
	Retailers	75
	Processor	6
	Exporter	3
Traders	Commission Agents in Other Markets	48

Table 15: Buyers of Produce in Percentage (%)		
Buyers of Produce		Percentage (%)
	Wholesalers in Other Markets	83
	Retailers	72
	Processor	9
	Exporter	13

The commission agents had 97% of buying in wholesalers option category followed by 75% in retailers and 68% in trader option category. Traders had 83% buying with wholesale option category, 72% with retailers and 48% in commission agent category. Processor and exporter category had much lower percentage with supplier, wholesalers, commission agent and traders.

4.2.3 Level of Value Addition

Four options were offered with choice to check all or any of them according to opinion of stakeholders and “others” as fifth option category. The following table revealed that “None Value addition” was checked with high incidence by all stakeholders. 88% of commission agents, 52% suppliers and 42% of wholesalers mentioned no value addition in the given option category.

Grading was mentioned by 57% retailers, 41% wholesalers and 39% by traders as a value addition activity taking place. Similarly, cleaning was mentioned as a value addition activity pursued by 77% at retailer level, 49% at trader and 33% at wholesaler level. Repacking was mentioned as 14% at retailer and 13% at supplier level as value addition activity.

Table 16: Level of Value Addition					
Level of Value Addition	Supplier	Wholesaler	Retailer	C. Agent	Trader
None	52	42	3	88	36
Grading	17	41	57	12	39
Cleaning	32	33	77	4	49
Re-packing	13	6	2	3	14
Others	0	0	0	1	1

4.2.4 Auction Procedure

Arrival and Leaving Time

The arrival time by two most crucial supply side stakeholders is tabulated as following. 47% of suppliers arrived in the market by 4 am whereas 52% arrived after 5am. Similarly, 40% commission agents arrived in the mandi by 4am and an equal percentage of 40% arrived by 5am.

Table 17: Arrival Time					
Arrival Time	Supplier	Wholesalers	Retailer	C. Agent	Trader
Upto 4 am	47	NA	NA	40	NA
Up to 5 am	1	NA	NA	40	NA
After 5 am	52	NA	NA	20	NA

Departure time also followed a similar pattern. The data on leaving the mandi is contrary to arrival of suppliers as 39% reported leaving by 4am and 37% by 5pm. In case of wholesalers, 35% reported leaving mandi by 4pm, 37% by 5pm and 28% afterwards in the day time.

Table 18: Leaving Time					
Leaving Time	Supplier	Wholesalers	Retailer	C. Agent	Trader
Upto 4 am	39	NA	NA	35	NA
Up to 5 am	37	NA	NA	37	NA
After 5 am	24	NA	NA	28	NA

Who Serves as Auctioneer in Mandi

Following data had emerged out of given options of commission agent, market committee appointed auctioneer or others. 96% of traders, 95% of suppliers, 94% of retailers and a similar opinion by commission agent and wholesaler indicated that commission agent served as the auctioneer. A negligible percentage mentioned other choices of market committee appointed auctioneer or others. All stakeholders were certain that commission agent lead the auction.

Table 19: Role of Auctioneer Played By					
Role of Auctioneer Played By	Supplier	Wholesalers	Retailer	C. Agent	Trader
Commission Agent	95	93	94	92	96
Market Committee Appointed Auctioneer	0.83	5	1	4	1
Other	4.17	2	5	4	3

Determining the Auction Price

Following table reveals that all stakeholders had mentioned commission agent as the one deciding the bid prices as 63% to 73% of all stake holders had similar opinion. However, 31% wholesalers, 25% suppliers and 20% of commission agents mentioned “others” as a practice of deciding the bid price.

Table 20: Bidding Price Decided By					
Bidding Price Decided By	Supplier	Wholesalers	Retailer	C. Agent	Trader
Commission Agent	73	73	63	68	72
Market Committee Appointed Auctioneer	2	13	6	12	13
Others	25	15	31	20	16

Satisfaction with Auction Process

The data compiled revealed that most of stakeholders expressed their satisfaction over the auction process. 98% of commission agents, 82% of wholesalers, 76% of suppliers and majority of other stakeholders had expressed satisfaction on auction process.

Table 21: Satisfaction with the Process of Auctioning					
Satisfaction with the Process of Auctioning	Supplier	Wholesalers	Retailer	C. Agent	Trader
Yes	76	82	74	98	69
No	24	18	26	3	31

Suggestions for Improvement

Out of three clear choices of auction process by weight, negotiation and display of produce, stakeholders had expressed inclination to weight and display of produce as suggestions of improvement of auction process. 100% commission agents, 70% of traders and 68% of wholesalers suggested weight instead of lot in the given category. Whereas “display the produce” option category also had been suggested with equal preference as 100% commission agents and over 60% wholesalers, traders and retailers favored this suggestion.

Table 22: Suggestions for Improvement

Suggestions for Improvement	Supplier	Wholesalers	Retailer	C. Agent	Trader
Weight Instead of by Lot	N/A	68	52	100	70
Negotiation Instead of by Auction	N/A	9	29	0	41
Displaying the Produce	N/A	64	61	100	65

4.3 Investment in the Last Year

Total Investment

The data compiled in below table reveals that majority of stakeholders had investment of less than one million in last year. 89% of retailers had investment up to Rs. 0.5 millions whereas over 50% of traders, wholesalers and suppliers also had investment of similar range during last year. Over 30% suppliers and 33% wholesalers had investment during last year up Rs. 1 million followed by 28% of commission agents and 24% of traders. 38% of commission agents and 23% of traders were found in over Rs 1 million invest during last year category whereas other stakeholders were below 20% of this level.

Table 23: Total Investment – Last Year

Total Investment - Last Year	Supplier	Wholesalers	Retailer	C. Agent	Trader
Up to Rs. 0.5 million	50	56	89	34	53
Rs. 0.51 to 1 million	31	33	3	28	24
Above Rs. 1 million	19	12	8	38	23

Level of Advance Payments

The following graphs indicate that most of advance payments were either upto Rs.50,000 or up to Rs. 100,000. 30 to 50% of advance payment received or given by the stake holders were up to Rs. 50,000. Commission agents made advance payments up to Rs. 100,000 to suppliers and contractors in the range of 21 to 28% whereas amount of similar advance payment to and by other stake holders was reported as less than 10% with the exception of traders who had 13% as advance payments. Advance payments of up to Rs. 0.2 and above were reported as 50 to 54% by wholesalers and 20 to 23% by commission agents to other stakeholders as reflected in the following relevant graphs.

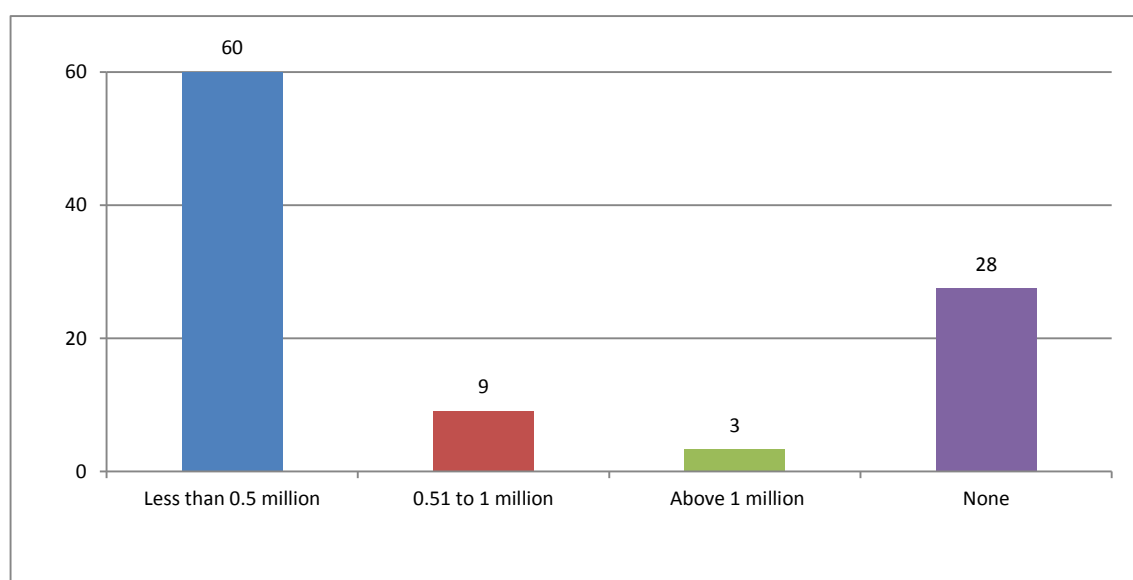


Figure 40: Supplier Advance Payment to Farmer/Contractor

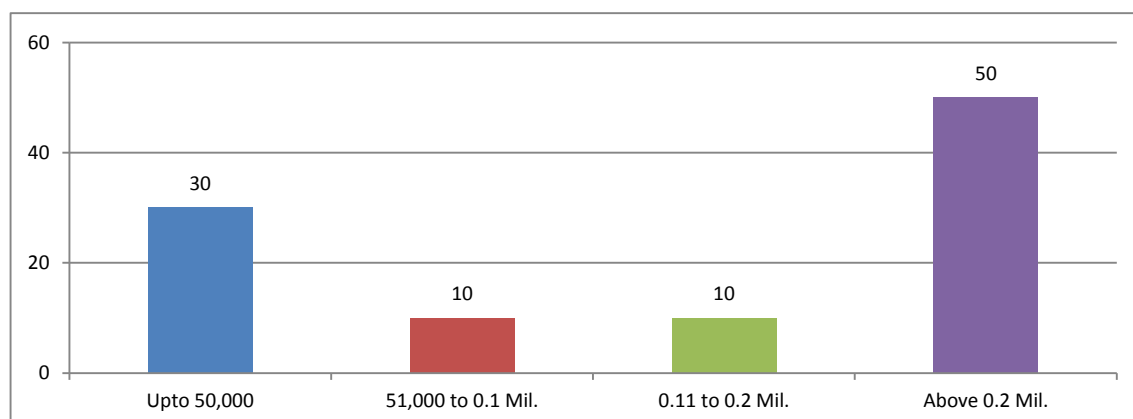
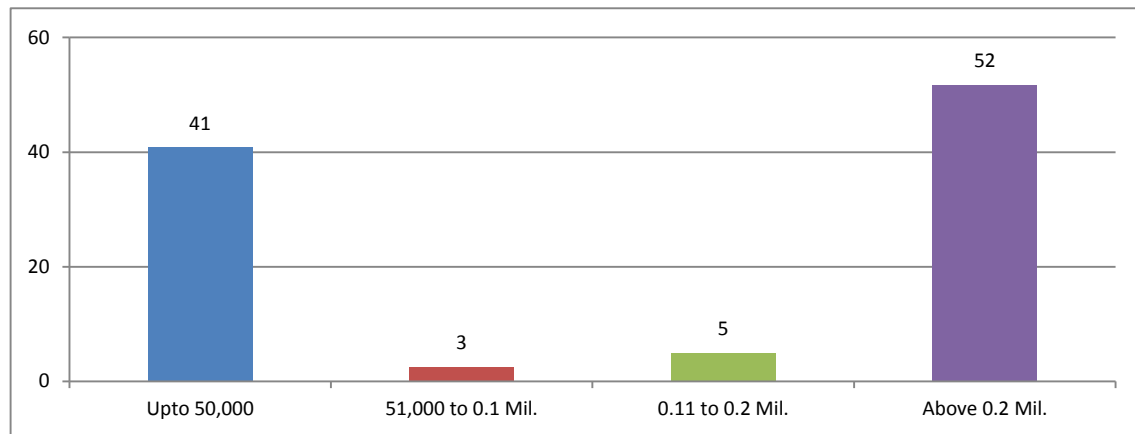
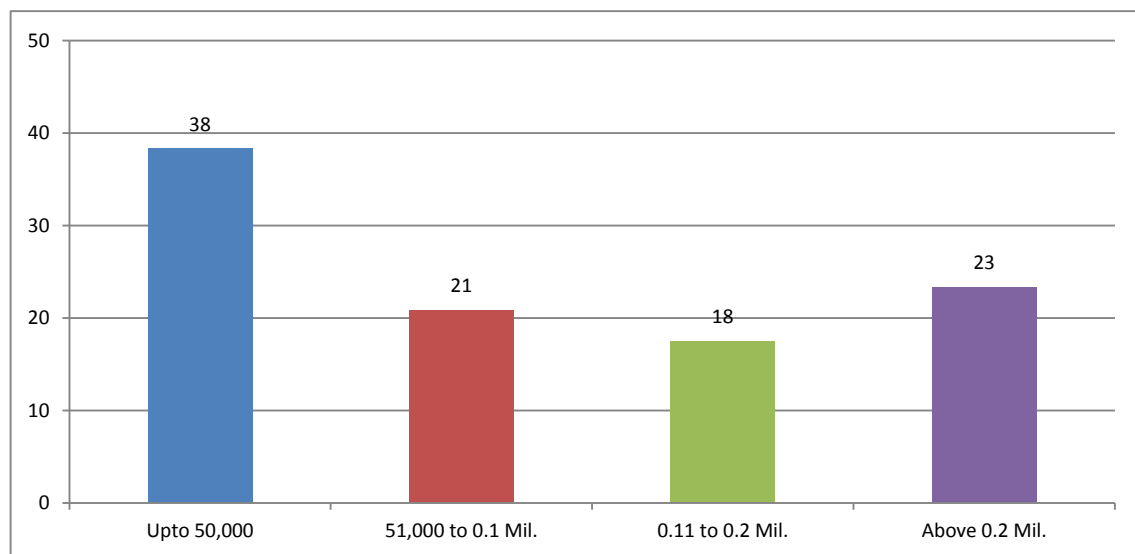
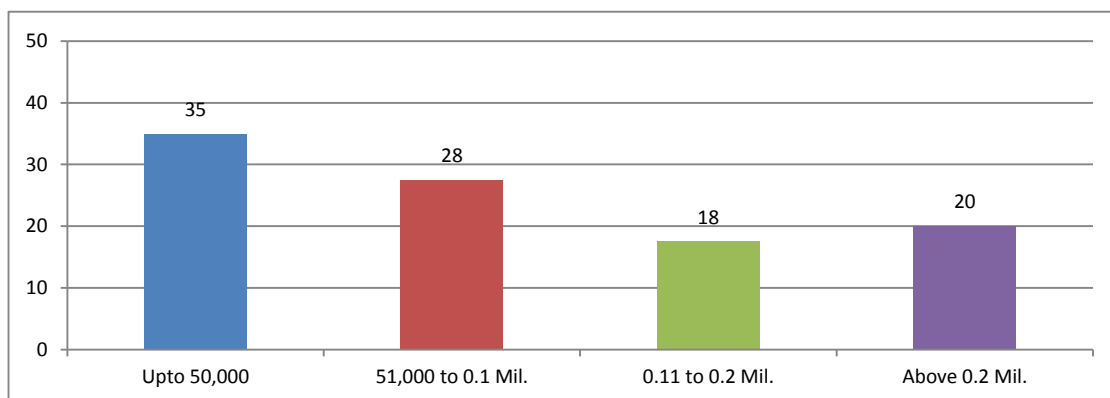


Figure 41: Wholesalers: Advance Payment to Pre-Harvest Contractor

**Figure 42: Wholesalers: Advance Payment to Supplier****Figure 43: Commission Agent: Advance Payment to Pre-Harvest Contractor****Figure 44: Commission Agent: Advance Payment to Supplier**

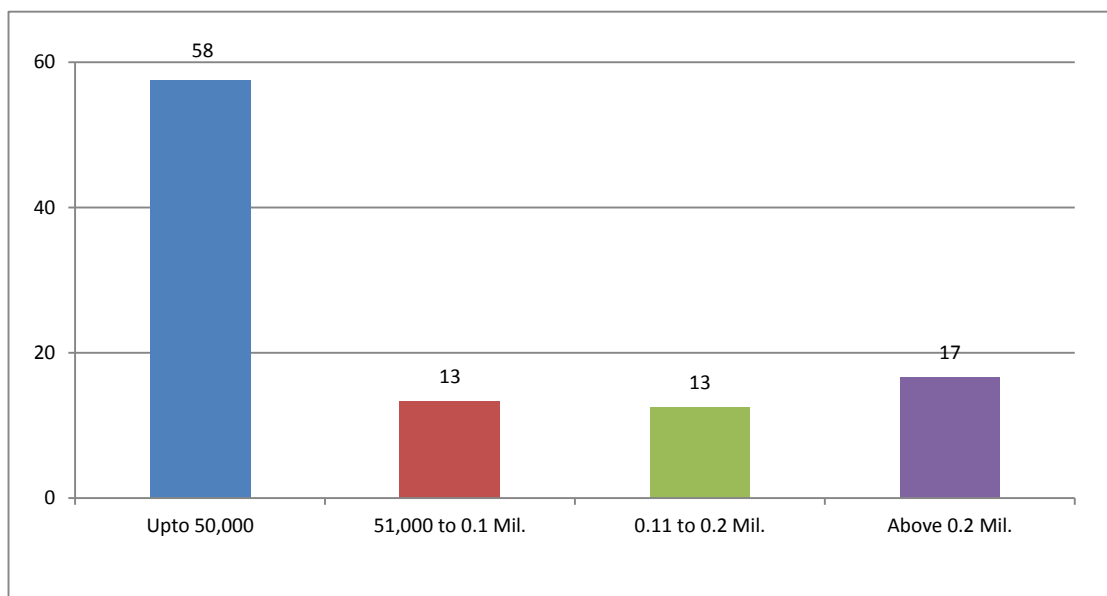


Figure 45: Trader: Advance to Supplier

Fixed Cost

Bulk of stakeholders' fixed cost was up to Rs.0.1 million as 67% of retailers, 43% of wholesalers and 42% of traders had investment up to Rs. 50,000. Whereas fixed cost of up to Rs.0.1 millions by the same stake holders ranged from 18% to 26%.

Table 24: Fixed Cost			
Fixed Cost	Wholesalers	Retailer	Trader
Up to Rs. 50,000	43	67	42
Rs. 51,000 to 0.1 Mil.	26	21	18
Rs. 0.11 to 0.2 Mil.	22	7	27
Above Rs. 0.2 Mil.	10	6	13

Running/ Variable Cost

A similar pattern on running/ variable cost emerged in all stakeholders as majority of them had these cost ranging up to Rs 100,000. 35% of traders, 21% of wholesalers and 17% or retailers confirmed having variable cost beyond Rs. 100,000 as per below table.

Table 25: Running/ Variable Cost

Running/Variable Cost	Wholesalers	Retailer	Trader
Up to Rs. 10,000	16	38	16
Rs. 10,001 to 20,000	13	13	14
Rs. 20,001 to 50,000	30	20	20
Rs. 50,001 to 100,000	20	12	15
Above Rs. 100,000	21	17	35

Credit

Credit Availed

The following graph reveals that majority of stakeholders had not availed credit facility. 73% of wholesalers, 68% each of commission agents and retailers and over 50% of traders and suppliers claimed having not used credit facilities. However, 50% of suppliers and less than 40% of other stakeholders availed credit.

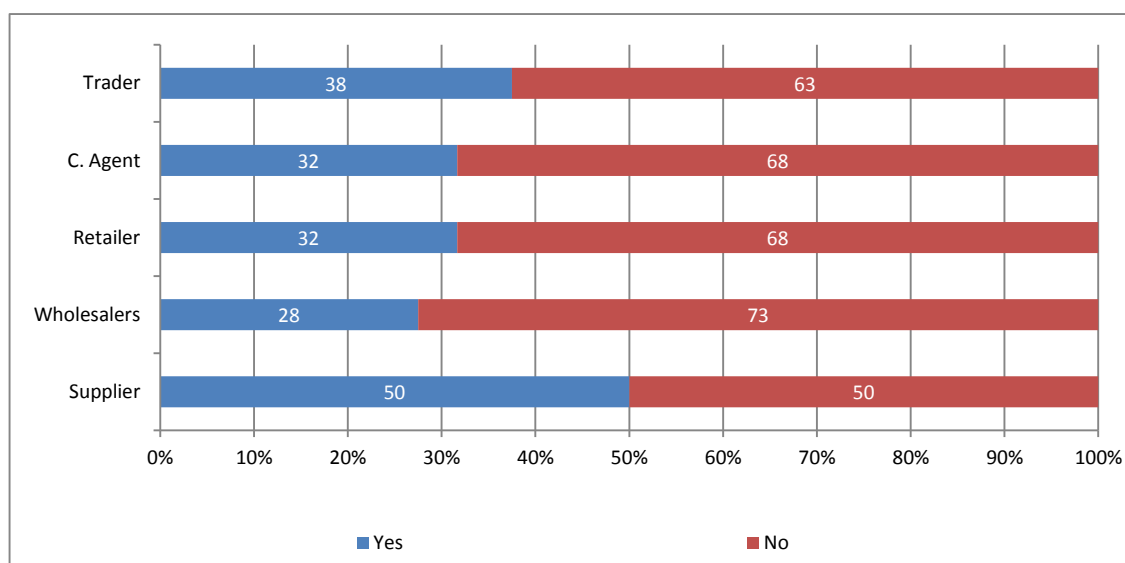


Figure 46: Credit Availed

Source of Credit

Banking was least preferred source of credit as only 35% of commission agents, 29% of traders and 21 % of wholesalers used this channel. The 'friends' was mentioned as most widely used source as over 50% of wholesalers, retailers and traders used this source. Relatives were also mentioned as a regular source of credit as 21 to 33% of stakeholders used this source.

Table 26: Source of Credit

Source of Credit	Supplier	Wholesalers	Retailer	C. Agent	Trader
Banks	N/A	21	-	34	29
Friends	N/A	58	58	45	53
Relatives	N/A	33	29	21	27
Others	N/A	-	13	-	7

Amount of Credit Availed

Majority of stakeholders availed the credit up to Rs. 0.5 millions as reflected in the following table. Except commission agents who used higher amount of credit, other stakeholders ranging from 78% to 94% fell in the category of using crediting up to Rs. 0.5 millions. Only 10% of suppliers and 11% of commission agents claimed having used credit of Rs. 1.1 to 2 millions. The numbers were too small in higher amount of credit as only 9% traders, 8% of commission agents and meager 2% of suppliers availed credit of Rs.2 millions and above.

Table 27: Amount of Credit Availed

Amount of Credit Availed	Supplier	Wholesalers	Retailer	C. Agent	Trader
Less than 0.5 Mil.	82	94	100	34	78
0.51 to 1.0 Mil.	7	3	-	47	11
1.1 to 2.0 Mil.	10	3	-	11	2
Above 2 Mil.	2	-	-	8	9

Interest Charged

A significant number of respondents did not pay any interest on their credit as confirmed by 56% of wholesalers, 39% of commission agents and 34% of traders. Majority of respondents availing credit paid interest charges in the range of 6 to 10% and 11 to 15% per annum as reflected in the below table. Only handful respondents reported paying more than 16% or more interest charges as 16% wholesalers and less than 10% other stakeholders confirmed having paid interest charges of beyond 16% per annum.

Table 28: Interest Charged

Interest Charged	Supplier	Wholesalers	Retailer	C. Agent	Trader
------------------	----------	-------------	----------	----------	--------

No interest	27	56	-	39	34
1% to 5%	3	-	-	5	7
6% to 10%	32	3	-	8	16
11% to 15%	35	25	-	45	36
16% and more	3	16	-	3	7

Offering Produce on Credit

Offering produce on credit was found fairly common in the value chain of stakeholders. Suppliers offered their produce on credit to 92% of commission agents and 35% wholesalers. Likewise, wholesalers offered produce on credit to 94% of their retailers and 42% of traders. Commission agents offered credit to 95% of their wholesalers, 77% of traders and 60 % of retailers. Similarly, traders offered credit to 76% of their wholesalers, 65% of retailers and 47% of commission agents.

Table 29: Availability of Produce on Credit					
Availability of Produce on Credit	Supplier	Wholesalers	Retailer	C. Agent	Trader
Commission Agent	92	-	-	-	47
Wholesalers	35	-	-	95	76
Traders	14	42	-	77	-
Retailers	18	94	-	60	65
Processor	2	5	-	3	2
Exporter	7	-	-	-	13
Others	-	1	-	-	-

5.0 CONCLUSION

The infrastructure and its state differed significantly in all major markets under study. The extent of physical infrastructure and facilities also varied as per needs of the area and Mandi. The mandis were owned and managed by the Market Committee in Multan and Bahawalpur.

Regulatory frameworks differed for both provinces. The fruits and vegetable markets (mandis) in the Punjab province is governed by The Punjab Agricultural Produce

Markets Ordinance of 1978, whereas mandis in Sindh are governed by the Agricultural Produce Markets Act of 1939. The basic regulatory framework in both provinces is almost similar with the exception of a few administrative variations. The same regulatory framework is applied to food and grain markets.

Market Committees are responsible for governing the agricultural marketing of food grains, fruits and vegetables. The offices of respective Market Committee were located in the food grain markets in Multan, Bahawalpur and Larkana, whereas in case of Sukkur, the office of Market Committee was at a separate location in the commercial area of the city.

Market Committees have been suspended since the year 2003-2004 in Punjab province. The powers of Market Committee chairman is currently vested in the government-appointed Administrators. Sukkur has a Market Committee of 17 members and is headed by its Chairman. However, the Larkana district has not had a representative market Committee since the late 90's.

The revenue and expenditure budgets of Market Committees are prepared on a consolidated basis for food grains, fruits and vegetable and markets in other areas. The Market Committee is expected to be self-reliant through its own revenue generation and to sustain itself without government support. It was observed during the meetings with officials that the financial sustainability of Market Committees was under stress, more so in Sukkur and Larkana. The financial crunch of market committees did not leave much space to plan and execute development projects for mandis. No significant amount was mentioned as a development budget by any market committee.

The questionnaire for the baseline survey had a range of questions to explore the stakeholders' individual entrepreneurial dimensions, inter-linkages with other value chain stakeholders, views on the current marketing system, management of the current marketing framework and reflections on the existing infrastructure. The report includes baseline figures on the need for intervention, employment, membership in trade organizations/associations, market infrastructure, value chain, auction procedures, role of market committees, financial sustainability of mandis, investments and sales, training and standards/certifications, options on current laws on mandis and credit.

An exercise was undertaken to determine the marketing margins of commission agents, wholesalers and retailers. Three common fruits and five seasonal vegetables were used as benchmarks to ascertain marketing margins for the stakeholders of the value chain. Retail prices from the mandi, a market in a middle-class neighborhood and an upscale market were collected in order to draw a balanced comparison.

The marketing margins on retail price to net receipts of farmers revealed that the minimum marketing margins of the value chain for bananas ranged from 33 to 51% for retail in middle-class housing areas, whereas marketing margins were observed to range from 47% to 86% in upscale housing areas. Similarly, for apples, marketing margins of value chain based on retail ranged from 23 to 44% in middle-class housing areas and from 38 to 69% in upscale housing areas.

The range of marketing margins had a similar pattern for vegetables as potatoes sold in middle-class income areas ranged from 45 to 60%, whereas marketing margins were as high as 70 to 113% in upscale housing areas. Likewise, marketing margins for tomatoes sold in middle-class housing areas varied from 28 to 74% as compared to 45 to 118% in upscale housing areas.

A typical marketing process in the mandis included farmers, contractors, traders, commission agents, wholesalers and retailers. Commission agents performed central role due to their privilege to conduct business in a wholesale market where only licensed agents could conduct business. This barrier of entry offered a unique advantage to the commission agents.

Main Findings

The baseline survey offers range of baseline figures related to the stakeholders' individual entrepreneurial dimensions, linkages with other value chain stakeholders, views on current marketing system, management of current marketing framework and reflections on existing infrastructure. The main findings are enumerated as follows:

Poor sanitation conditions, need for wider roads and more open spaces, control of animals causing damage and security arrangements ranked high for efficient market functioning.

Participation of stakeholders in market operations and management also ranked high as 60% of stakeholders from Bahawalpur favored this suggestion whereas 58% stakeholders from Multan and 45% from Sukkur also mentioned it as a step of improvement.

The data reflected low level of employment in all stakeholders of value chain. 51% of retailers, 34% of traders, 28% of wholesalers and 28% of suppliers did not have any permanent employee.

The mandis reflected a poor gender balance as 100% of commission agents, wholesalers and retailers did not employ any female. Only 8% of suppliers confirmed having 4-6 female employees whereas only 3% suppliers had employed 7-9 female workers.

The data on daily wages of permanent employees reflected that most of the employees were paid below Rs. 200 per day by majority of value chain actors. On average, 76% of permanent employees had daily wages ranging from Rs. 101 to 200 whereas only 15% of employees had daily wages ranging from Rs.201 to 300.

A low level of possible linkages through trade organizations emerged in the value chain except commission agents. 94% of suppliers, 77% of traders, 73% of retailers and 68% of wholesalers were not aware of presence of any respective trade organization/ association.

The most networked stakeholder was found as commission agent with 75% of them having membership of their trade association.

63% of suppliers, 58% each of commission agents and wholesalers expressed satisfaction on existing infrastructure. On the contrary, 58% of retailers and 56% of traders expressed their dissatisfaction on market infrastructure.

Most common thoughts on role of market committees included collection of market fee, maintenance of infrastructure, dispute resolution, checking malpractices, provision of security and cleanliness of mandis.

80% of traders, 78% of suppliers and retailers and 70% of wholesalers felt not participating in the operations and management of market committees. 67% of commission agents were also of the same opinion.

Revenues through market entry were mentioned as a major source of funding for market committee as expressed by 93% of retailers, 89% of suppliers, 83% of commission agents and 82% each of traders and wholesalers.

76% of retailers reported having less than Rs.0.5 millions sales during last year whereas 40% each of traders and wholesalers also confirmed being in the same range of sales.

53% of traders, 45% of wholesalers and 41% retailers expressed their desire to have training in harvesting. 40% of traders and 38% each of suppliers and retailers mentioned packing and grading as their training and certification requirement.

Almost 100% of suppliers, retailers and wholesalers reported not having any certificate or their adherence to any quality standards program.

Ignorance prevailed across the board about the awareness of current laws on mandis as an overwhelming range from 98% by suppliers and commission agents to 99% each among traders and retailers expressed their un-awareness about the laws.

Trade association appeared most common channel used for dispute resolution as 55% of commission agents, 47% of traders, 44% of wholesalers, 38% of retailers and 35% of suppliers preferred this channel.

On value addition, 88% of commission agents, 52% suppliers and 42% of wholesalers mentioned no value addition taking place through their operations.

47% of suppliers arrived in the market by 4 am whereas 52% arrived after 5am. Similarly, 40% commission agents arrived in the mandi by 4am and an equal percentage arrived by 5am.

Majority stakeholders had mentioned commission agent as the one deciding the bid prices as 63% to 73% of all stakeholders had similar opinion.

Majority of stakeholders had investment of less than one million in last year. 89% of retailers had investment up to Rs. 0.5 millions whereas over 50% of traders, wholesalers and suppliers also had investment of similar range during the last year.

Most of advance payments were either upto Rs.50,000 or up to Rs. 100,000. 30 to 50% of advance payments received or given by the stakeholders were up to Rs. 50,000

Bulk of stakeholders' fixed cost was up to Rs.0.1 million as 67% of retailers, 43% of wholesalers and 42% of traders had investment up to Rs. 50,000.

Majority of stakeholders of value chain had their cost ranging up to Rs 100,000. 35% of traders, 21% of wholesalers and 17% of retailers confirmed having variable cost beyond Rs. 100,000.

73% of wholesalers, 68% each of commission agents and retailers and over 50% of traders and suppliers claimed not having used credit facilities.

Banking was least preferred source of credit as only 35% of commission agents, 29% of traders and 21 % of wholesalers used this channel. The friends were mentioned as the most widely used source as over 50% of wholesalers, retailers and traders used this source.

Majority of stakeholders availed the credit of up to Rs. 0.5 millions except commission agent who used higher amount of credit, other stakeholders ranging from 78% to 94% fell in the category of using crediting up to Rs. 0.5 millions.

A significant number of respondents did not pay any interest on their credit as confirmed by 56% of wholesalers, 39% of commission agents and 34% of traders. Majority of respondents availing credit paid interest charges in the range of 6 to 15% per annum.

Offering produce on credit was found fairly common in the value chain of stakeholders. Suppliers offered their produce on credit to 92% of commission agents and 35% wholesalers. Likewise, wholesalers offered produce on credit to 94% of their retailers and 42% of traders. Commission agents offered credit to 95% of their wholesalers, 77% of traders and 60 % of retailers.

6.0 APPENDICES

6.1 Questionnaire

COMMISSION AGENTS

A. Survey information:

A1. Name of enumerator: _____ A2. Date of enumeration (mm/dd/yyyy): ____/____/____
 A.3. GIS coordinates: a. N: _____ b. E: _____

B. Basic information (confidential):

B1. Name of commission agent: _____

B2. Sex: 1=Male 2=Female

B3. Address: _____

B4. Phone/cell no. _____

C. Needs/interventions:

C1. Please list any issues to improve the operation of the Mandi:

C2. Please provide any suggestions to improve the operation of the Mandi:

1= Commission agents should be part of the market operation / management
 2= More entry points to the Mandi

3= Other (specify):

D. Employment (for the past year):

Permanent:

D1. Number of men employed: _____
 women employed: _____

D2. Number of

D3. Wage rate: Rs. per day/month: _____

Casual/temporary as needed:

D4. Number of men employed: _____
 women employed: _____

D5. Number of

D6. Wage rate: Rs. per day/month: _____

E. Membership of trade organizations/associations:

E1. Is there any trade association of your community: 1= Yes 2= No (If 'No', then skip to Section F)

E2. Are you a registered member (not office bearer) of the trade association?
 1= Yes 2= No

F. Market infrastructure:

F1: Are you satisfied with the market infrastructure? 1=Yes 2=No (If 'Yes', then skip to Section G)

F2. Suggest required improvements in infrastructure :

	<u>Type</u>	<u>Status*</u>	<u>Improvements required</u>
i)	Road	_____	1= Wider, 2= Paved, 3= Better maintained, 4= _____
ii)	Sewerage	_____	1= Unblocking, 2= More gutters, 3= More pipes, 4= _____
iii)	Electricity	_____	1= Bigger transformers, 2= Regular supply, 3= Generators, 4= _____
iv)	Water	_____	1= Cleaner, 2= Regular supply, 3= _____

- v) Covered sheds _____ ¶1= Uncovered sheds should be covered, ¶2= More sheds, ¶4= _____
- vi) Platforms _____ ¶1= Bigger platforms, ¶2= _____
- vii) Cold storage _____ ¶1= More required, ¶2= _____
- viii) Toilets _____ ¶1= More required, ¶2= _____
- ix) Boundary Walls _____ ¶1= More required, ¶2= _____
- x) Other (specify) _____ ¶1= SUI Gas, ¶2= Motorcycle stand, ¶3= Space for wholesalers, _____
¶4= _____

* (1=Poor, 2=Fair, 3=Good, 4= Very good, 5=Excellent, 6=Not available)

G. Value chain:

G1. Who are your suppliers? *(check all that apply)*

- ¶1= Farmer/growers
 ¶2= Contractors
 ¶3= Traders
 ¶4=Other (specify) _____

G2. Who are your buyers? *(check all that apply)*

- ¶1= Wholesalers
 ¶2= Traders
 ¶3= Retailers
 ¶4= Processor
 ¶5= Exporter
 ¶6= Other (specify) _____

G3. What value addition is made at the commission agent level?

¶1= None ¶2= Grading ¶3= Cleaning ¶4= Re-packing ¶Other (specify): _____

H. Auction procedures:

H1a. What time do you arrive at the Mandi? _____
 a.m. _____ p.m.

H1b. What time do you leave the Mandi? _____
 a.m. _____ p.m.

H2. Who serves as the auctioneer at the Mandi?

1= Commission agent

2= Auctioneer appointed by the market committee

3= Other (specify): _____

H3. Who determines the starting price (bid) for the auction?

1= Commission agent

2= Auctioneer of market committee

3= Other (specify): _____

H4. Are you satisfied with the process of the auction? 1= Yes 2=No (If 'Yes', then skip to Section I)

H5. Suggest improvements in the auction process:

1= By weight instead of by lot

2= By negotiation instead of by auction

3= By displaying the produce

4= Other (specify): _____

I. Role of market committees:

I1: What are the major roles of the market committee?

1= Collect market fees

2= Maintain infrastructure

3= Facilitate stakeholders

4= Monitor market prices

5= Appoint auctioneers

6= Dispute resolution

7= Checking of malpractices

8= Implementation of rules & regulations

9= Provision of security

10= Maintain law & order

11= Cleanliness & hygiene

12= Implementation of grading and packing standards

13= Other (specify): _____

I2: Do the stakeholders (commission agents, buyers and sellers) participate in the operation/management of the market committee? 1=Yes 2=No

I3: If No should the stakeholders be involved: 1=Yes 2=No

I4: Are you satisfied with the role of the market committee: 1=Yes 2=No (If 'Yes', then skip to Section J)

I5: What are your suggestions to improve the role of the market committee?

1= Maintain infrastructure

2= Facilitate stakeholders

3= Should provide information about market prices of other markets

4= Monitor market prices

5= Appoint auctioneers

6= Dispute resolution

7= Checking of malpractices

8= Implementation of rules & regulations

9= Provision of security

10= Maintain law & order

11= Cleanliness & hygiene

12= Implementation of grading and packing standards

13= Other (specify): _____

J. Financial Sustainability of Mandis:

J1: What are the sources of finance for the Mandi's operation/management:

1= Market fees

2= Licence fees

3= Other (specify): _____

—

J2: Does the commission agent pay any amount to market committee for Mandi operation/management?

1= Yes 2= No

J3: Suggestions to improve financing of market committees:

1= Government financing 2= Other (specify): _____

K. Investment in the last year

K1. Total investment (Rs. million – as a percentage of sales in the last year) (specify):

1=Less than 0.5 million 2=0.51 to 1 million 3= Above 1 million

K2. a) Advance to pre-harvest contractor (in Rs.):

1=Less than 50,000 2=51,000 to 0.1 million 3= 0.11 to 0.2 million 4= Above 0.2 million

K2. b) Advance to supplier (farmer, trader) (in Rs.):

1=Less than 50,000 2=51,000 to 0.1 million 3= 0.11 to 0.2 million 4= Above 0.2 million

K2. c) Fixed cost (in Rs.):

1=Less than 50,000 2=51,000 to 0.1 million 3= 0.11 to 0.2 million 4= Above 0.2 million

K2. d) Running/variable cost (in Rs.)

1=Less than 10,000 2=11,000 to 20,000 3=21,000 to 50,000 4=50,000 to 100,000
5=Above 100,000

L. Sales in the last year

L1. Total sales (Rs. Million in the last year) : _____

1=Less than 0.5 million 2=0.51 to 1 million 3= Above 1 million

L2. Daily commission:

- a) Rs. 1,000 to 2,000
- b) Rs. 2,000 to 3,000
- c) Rs. 3,000 to 4,000
- d) Rs. 4,000 to 5,000
- e) Above Rs. 5000

M. Training and standards/certifications:

M1. List any types of training you require (e.g. grading/packing):

1= Packing/grading

2= Storage

3= Post-harvest losses/wastage reduction

4= Other (specify): _____

M2. Do you adhere to any industry standards, or possess any certifications?

1= Yes 2= No (If 'No', then skip to Section N)

M3. List the standards/certifications:

N. Opinion on current law on Mandis (only for Punjab)

N1: Are you aware of the current law on Mandis (*Punjab Agricultural Produce Market Ordinance 1978 and Punjab Agricultural Produce Market(General) Rules 1979*)?

1=Yes 2=No

N2: What are advantages of this law:

N3: What are disadvantages of this law:

N4: Any suggestions to improve this law:

N5: What channels of dispute resolution do you avail?

1= Market committee 2= Trade associations 3= Arbitration boards
 Other specify

O. Credit

O1. Did you avail any credit for your business during last 12 months: 1=Yes 2=No

O2. If yes to Q1, what was your source of credit: 1=Banks 2=Friends 3=Relatives
4=Other _____

O3. If yes to Q1, what was the amount of credit that you availed (Rs. million):
(specify) _____

1=Less than 0.5 million 2=0.51 to 1.0 million 3=1.1 to 2.0 million 4= Above 2 million

O4. What was the interest rate charged: _____

O5. Do you provide any produce on credit to:

1= Wholesalers

2= Traders

3= Retailers

4= Processor

5= Exporter

6= Other (specify) _____

6.2 Instrument for Physical Verification

Data as of -----			
Assessment parameters	Indicators	Quantified details	Remarks
Infrastructure and Facilities/ services			
Infrastructure			
Facilities/ services			

Data as of -----			
Assessment parameters	Indicators	Quantified details	Remarks
Management & Services			
Business Process			

6.3 FGD Reports

Baseline Survey of Fruits and Vegetable Market, Multan Focus Group Discussion on September 7, 2010

Introduction

A Focus Group Discussion (FGD) was held at Multan on September 7, 2010 as part of Baseline Survey of Mandis of Multan (Punjab Province). Senior Project Manager and Project Manager of Consumer Rights Commission of Pakistan (CRCP) conducted the FGD. The participants included commission agents, wholesalers, retailers and farmers. Stakeholders participating in the FGD represented range of key stake holders of supply chain.

Objective

The objective of FGD was to hold a discussion among various stakeholders to understand current agricultural marketing system, role of Market committee, market operations, and existing state of infrastructure and efficiency of supply chain management.

Main Findings of Discussion

1. Infrastructure

Fruits and vegetable market, Multan was reportedly located on Vehari bypass, Shah Rukn-e-Alam Town. It was reported that market had been shifted to its current location in 2003 whereas its planning was initiated in 1990. The participants informed that 210 licenses were issued to commission agents. Over 70 shops were built and rest of plots were open but had been allotted to licensed commission agents. Location was considered convenient for many local and regional suppliers being on main road and outskirts of the city.

Despite relatively new infrastructure, participants coming from the mandi had never complains about upkeep, sanitation and cleanliness of the mandi. Market had only one entrance and had congestion in peak business hours. Cleaning of Mandi was done about twice a day. The commission agents complained that cleanliness should be improved.

It was told that proper mosque was not constructed and make shift structure was built for this purpose. One cold storage was under construction. Conditions of toilets were reportedly poor. Numbers of toilets were reported insufficient.

2. Fruits and Vegetable Supplies

It was informed that seasonal vegetables and fruits were supplied mainly by the local farmers and contractors. However, off season vegetables and fruits were supplied by other regional markets like Bahawalpur, Quetta, Faisalabad, Sukkur and Lahore etc. It

was informed that no data was recorded of daily supplies. The commission agents, contractors and traders relied upon informal market information gathered by them directly or indirectly.

3. Marketing

It was reported that auction took place in early morning around 4 am onward and main activity was over by around 8 am. It was reported that part of local produce was supplied by the contractors who procured these from farmers against their mutual agreement of credit and procurement. The rest of local products were supplied by the farmers themselves. Regional vegetables and fruits were mainly supplied by the contractors and traders of respective markets and regions.

It was reported that local vegetables supplied by farmers were traded on cash basis whereas supplies from contractors and other market suppliers had variety of credit payment terms. Commission agents charged commission 6.50 % on goods sold through them. It was explained by the commission agents that they had invested huge amounts as advance payments to the farmers, contractors and traders to ensure regular supplies. It was reported that credit and advance payments was a key factor in attracting regular supplies from local and regional markets.

It was reported that many small farmers were dependent on contractors' advance payments to grow their produce and, hence, bound to sell through them or the contractor. A farmer complained not able to get fair prices due to nexus of commission agents and traders.

Participants informed that it was made compulsory for retailers to by the Market Committee to display daily price list prominently on their shops or vending cart. Retailer margin was told ranging from 10% to 15%.

An electric weighbridge was reportedly installed and it was mandatory for all supplies to weigh on electronic scale.

4. Regulatory and Operating System

Commission agents and traders expressed their opinion that Market Committee was a government body to issue licenses, handle the Mandi affairs, maintain infrastructure and control prices. No participant had any idea what regulations govern the agricultural produce marketing. They thought it was managed by the provincial government. Also, no participants had the idea of notified area under market committee.

5. Revenue and Budgets

Market committee had its office at mandi and reportedly had staff on duty round the clock mainly to collect entry fee. It was informed that staff of market committee collected entry fee on all incoming supplies of fruits and vegetables. Market fee was reportedly collected on the basis of vehicles and not on the basis of weight. It was informed that

different rates were specified on trucks, mazda and suzuki and donkey cart. Entry fee paid by the contractor or commission agent was charged back to the farmers. Commission agents reportedly charged handling fee to the buyers on per bag or crate basis.

6. Price Monitoring and Control

It was reported that market committee staff compiled daily price list mentioning whole sale price and suggested retail prices. It was mandatory for retailers to obtain the daily prices list which was provided to them for Rs. 5 each. It was informed that Market Committee had administrative powers to enforce these prices. The officials of market committee randomly visit the market and impose penalties at the spot if price list is not displayed or stock is sold at higher price.

7. SPS and Quality Management

It appeared that no participant was aware of SPS standards. It was pointed out that no grading, labeling and packaging was done at market level. Suppliers offered their own lots graded as per their own visual grading. Wholesalers and retailers had their own grading based on segregated the bulk stock for ease of selling and pricing for different grades.

It was reported that no healthcare arrangement existed for the workers at market level. No dispensary was reported in operation at the Mandi. Workers were mostly engaged on daily wages and, hence, not covered for Social Security and old age benefits.

8. Issues and Challenges

It was consensus among participants that present Mandi system was dominated by commission agents. It was also highlighted that farmers did not play any role in current marketing system. Commission agents and contractors had a lead role in defining and managing the market practices.

Sanitation and cleaning were reported major issues of daily life in mandi. It was reported that animals roamed around and caused frequent loss of stock. Unofficial entrances to nearby residential areas posed a threat to mandi security. Few incidence of theft were reported as evidence.

Mandi was dominated by three major groups. Elections had not been held and dominating group retains the reigns of trade association.

Improper security and mosque arrangements were reported other important issues of the market.

Baseline Survey of Fruits and Vegetable Market, Bahawalpur Focus Group Discussion on September 8, 2010

Introduction

A Focus Group Discussion (FGD) was held at PTDC Motel, Bahawalpur on September 8, 2010 as part of Baseline Survey of Fruits and Vegetable Market of Bahawalpur (Punjab Province). The participants included commission agents, wholesalers, retailers and farmers. A total of 10 stakeholders participated in the FGD representing range of key stakeholders of supply chain. Senior Project Manager and Project Manager of Consumer Rights Commission of Pakistan (CRCP) conducted the FGD.

Objective

The objective of FGD was to hold a discussion among various stakeholders to understand current agricultural marketing system, role of Market committee, market operations, existing state of infrastructure and efficiency of supply chain management.

Main Findings of Discussion

1. Infrastructure:

Fruits and vegetable market, Bahawalpur was reportedly located on Ahmadpur East Road. It was reported that market had been shifted to its current location about two years ago. Location was considered convenient for local and regional suppliers being on main road and out of city.

FGD participants informed that Mandi had around 82 active commission agents operating in the market. It was highlighted that no shop had been built at new Mandi due to ongoing litigation. Hence, the covered and raised open auction areas had been occupied by the commission agents to carry on their operations. It was informed that Mandi had carpeted roads, one over head water tank, two facilities of public toilets (one was made functional) and a car parking. Participants shared that no banking branch, cold storage and police picket was located in the Mandi. About three make shift eateries were reportedly operating in the Mandi. A space was allocated for the mosque but had not been built so far. A make shift arrangement had been made to say the payers.

Cleaning of Mandi was done about twice a day. The commission agents complained that cleaning should be improved.

2. Fruits and Vegetable Supplies

It was informed that seasonal vegetables were supplied mainly by the local farmers and contractors. However, off season vegetables were supplied by other regional markets like Multan, Faisalabad, Sukkur and Lahore etc. Local fruits were supplied by the framers and contractors whereas bulk of the fruits was supplied by other markets known for regional fruits. These markets include Quetta, Multan, Sukkur and Peshawar etc.

It was informed that no documented data is available for daily supplies. The commission agents, contractors and traders relied upon informal market information gathering by them directly or indirectly.

3. Marketing

It was informed by the participants that auction took place in early morning (around 5 am onward) and completed by 7/8 am. It was reported that part of local produce was supplied by the contractors who procured these from farmers against their mutual agreement of credit and procurement. The rest of the local supplies were supplied by the farmers themselves. Regional vegetables and fruits were mainly supplied by the contractors and traders of respective markets and regions.

It was reported that local vegetables supplied by farmers were traded against cash whereas supplies from contractors and other market suppliers were subject to variety of payment terms. Credit terms varied according to mutual arrangements. Commission agents charged commission ranging from 5-6 % on goods sold through them. It was claimed by the commission agents that they had invested huge amounts as advance payments to the farmers, contractors and traders to ensure regular supplies. It was highlighted that credit and advance payments was a key factor in attracting regular supplies from local and regional markets.

It was reported that many small farmers were dependent on contractors' advance payments to grow their produce and, hence, bound to sell through them. A farmer highlighted his reservation that farmers did not get fair price as traditional market mechanism was heavily influenced by the commission agents and contractors.

A retailer explained that retailers got their supplies either from auction or wholesaler. It was informed that retailers were mandated by the Market Committee to have and display daily price list prominently on their shops or vending cart. Retailer margin was told ranging from 10% to 15%.

4. Regulatory and Operating System

Commission agents and traders opined that Market Committee was an administrative body to issue licenses, manage the Mandi affairs, infrastructure and control prices. No participant had any idea what regulations govern the agricultural produce marketing. They vaguely attributed it to the provincial government. Also, no participants had the idea of notified area under market committee.

One commission agent expressed his understanding that market committee was established way back in 1960 as an institution. He shared the rumors that this institution might be abolished soon.

5. Revenue and Budgets

It was informed that staff of market committee collected entry fee on all incoming supplies of fruits and vegetables. Market fee was reportedly collected on the basis of vehicles and not on the basis of weight. It was informed that different rates were specified on trucks, Mazda and Suzuki and donkey carts. Entry fee collected was

charged back to the farmers or contractors by the commission agents. Commission agents however charged handling fee to the buyers on per bag or crate basis.

6. Price Monitoring and Control

It was reported that market committee staff compiled daily price list detailing the whole sale and suggested retail prices. It was mandatory for retailers to obtain the daily prices list which was provided to them for Rs. 5 each. It was informed that Market Committee had administrative powers to enforce these prices. The officials of market committee randomly visit the market and impose penalties at the spot if price list did not displayed or stock being sold at higher price.

It was reported that Market Committee also managed Discount Bazaar (Sastaa Bazaar/ Friday Market or Ramadan Bazaar) in the city on regular basis.

7. SPS and Quality Management

It was informed during the discussion that no participant was aware of SPS standards and did not feel the need of such standards. It was pointed out that no grading, labeling and packaging was done at market level. Suppliers offered their own lots graded as per their own visual grading. Wholesalers and retailers carried their own grading from the bulk buying for ease of selling and pricing for different grades.

It was reported that no arrangements of healthcare existed for the workers at market level. No dispensary was reported in operation at the Mandi. Workers were mostly engaged on daily wages and, hence, not covered for Social Security and old age benefits.

8. Issues and Challenges

It emerged from the discussions that present Mandi system was overly biased towards commission agents. It was also highlighted that farmers did not play any significant role in current marketing system. Commission agents and contractors play a major role in defining and managing the market practices.

Mandi had been made to operate on a make shift basis at the space meant for open auction as shops could be constructed due to ongoing litigation. Participants expected their skeptics that this matter could be resolved soon.

Market committee's administrative role was told as entry fee collection, issuing business license and price control.

Baseline Survey of Fruits and Vegetable Market, Sukkur

Focus Group Discussion on September 25, 2010

Introduction

A Focus Group Discussion (FGD) was held at Forum Inn Hotel, Sukkur on September 25, 2010 as part of Baseline Survey of Mandis of Sukkur (Sindh Province). The Senior Project Manager and Project Manager of Consumer Rights Commission of Pakistan (CRCP) conducted the FGD. The participants included commission agents, wholesalers, retailers, farmers and Market Association staff members. A total of 17 stakeholders participated in the FGD representing a mix of stakeholders of supply chain which made it very meaningful forum for discussion.

Objective

The objective of FGD was to initiate a dialogue among various stakeholders to understand the working of current agricultural marketing system, role of Market committee, market operations, and state of infrastructure and efficiency of supply chain management.

Main findings of Discussion

Following are the main findings of FGD conducted at Sukkur.

1. Infrastructure

The Sukkur market is one of the biggest and busiest fruits and vegetable markets in Sindh. It is located on Shikarpur Road and is about four kilometer from main city center i.e. Clock Tower. The FGD participants informed that Sukkur Mandi has 92 commission agents licensed by the Market Committee but reportedly have around 100 traders who operate illegally in the market like commission agents on rental premises regularly as well as on seasonal basis. The shops of 92 operative commission agents have spacious size of 20X50 feet each along with about 15 feet deep open area bordering with road.

Market has a large open auction area, a spacious mosque, over seven restaurants cum eatery kiosks, public toilets and numerous shops of public utility. The market has a branch of a commercial bank. Transport goods companies have a large designated area alongside the market. The market has three cold storages in the market.

Participants complained of improper arrangements of cleanliness and water drainage. Participants were of the view that city Government is responsible to arrange cleanliness but not much attention is paid in this regard. Open auction area was reported to have a make shift shade arrangement of tents.

2. Fruits and Vegetable Supplies

Bulk of vegetables and fruits is supplied by local farmers. However, off season vegetables are supplied by other regional markets like Quetta, Multan, Bahawalpur, and Faisalabad etc. No formal record of daily market supplies of fruits and vegetables is maintained by any of the market operator, administrator or regulator. Similarly, record

for the bulk buyers or trucks dispatched to other markets is also not available. It transpired during the discussion that commission agents and traders were confident of having latest and reliable market prices.

3. Marketing

Auction is conducted two to three times a day for local vegetables, regional vegetable and fruits supplies. It was reported that 70% to 80% local vegetables are supplied directly by the farmers and balance by the traders (Contractor/ middlemen). Regional vegetables and fruits are mainly supplied by the contractors and traders of respective markets and regions.

Local vegetables are traded against cash whereas supplies from traders and other market suppliers are on credit basis. Credit terms vary according to mutual arrangements. Commission agents charge commission ranging from 6% to 9% on goods sold through them. Commission agents claim having invested huge amount as advance payment and credit to the farmers, contractors and traders to ensure regular supplies. It was highlighted that credit and advance payments play a very crucial role in attracting regular supplies

4. Regulatory and Operating System

Commission agents informed that Market Committee was responsible for issuing the Market licenses and collecting entry fee. They did not observe any active role of Market Committee in price monitoring and control. Most of the wholesalers, traders and farmers expressed their ignorance of knowing about the existence and/ or role of Market Committee. One commission agent was president of the Mandi and was member of newly constituted market Committee. He was the only one familiar with the existence of Market Committee and its role. It was reported that a new Market Committee was formed about three months back with 16 members.

It was reported by all supply chain stakeholders that Market Committee, if existed at all, does not have any visible role in market infrastructure development, price control and public facilitation.

It was reported that City Government owned the market place, had developed infrastructure and was responsible for maintaining the infrastructure. A separate entry fee was collected for this purpose as well. It was reported that only investment city government has made in recent history was to the tune of Rs. 15 millions for roads, drainage and auction area. It was reported that about 40% of work was still pending against the work plan. None of the participants knew which regulation ruled the market.

5. Revenue and Budgets

Market entry fee is collected by Market Committee staff. Another entry fee is collected by the Mandi Association. City Government collects the fee on outgoing vehicles. Market Committee was reported in bad shape as salaries of almost one year are still

unpaid. Mandi Association of commission agents uses the fee collected for security, mosque and public utilities. Both entry fee collected are charged back to the suppliers. It transpired during the discussion that no funds are earmarked for the infrastructure improvement. All three funds collecting agencies are primarily concerned with upkeep of their respective organization.

6. Price Monitoring and Control

It was pointed out by all participants that Market Committee did not have any role in price monitoring. Regular issuance of daily price list was suspended since about two years. Market committee was found active only during the holy month of Ramadan. It was reported that Bureau of Supplies and Prices was now responsible for compiling the daily prices but issuance of daily price list was not being organized for almost two years. It transpired that no oversight body was active for price control and checking of pricing practices of market operators.

7. SPS and Quality Management

No participant was aware of SPS standards or need of such standards. It transpired that no grading, labeling and packaging was done at market level. Wholesalers and retailers carried their own grading from the bulk buying for ease of selling and pricing for different grades. Arrangements of healthcare were reported non-existent at market level. Workers were reportedly working sometimes in filthy conditions, particularly in rainy seasons, and often had suffered from diseases like Hepatitis C and skin diseases. Workers were mostly engaged on daily wages and, hence, not covered for Social Security and old age benefits.

8. Issues and Challenges

It emerged from the discussion that current market system was Commission Agent centric. The rest of the supply chain stakeholders had subordinate roles or were dependent upon commission agents. Second most prominent role was attributed to the contractors/traders. Credit and advance payment was a major determinant of business dynamics. Commission agent being the financier held the central role in supply chain management. Farmers were solely dependent upon market pricing and Mandi business practices which were designed and executed by the commission agents and contractors. Though farmers were officially represented by over 50% in Market Committee but non transparent way of nominations and benign role of Market Committee had reduced the role of farmers to a ceremonial significance rather than a proactive player in agricultural market system.

Administrative and institutional role and effectiveness was reported diluted and toothless. Daily price levels were reportedly dependent upon the contemporary demand and supply mechanism heavily biased towards commission agents and market forces.

Baseline Survey of Fruits and Vegetable Market, Larkana

Focus Group Discussion on September 24, 2010

Introduction

A Focus Group Discussion (FGD) was held at Hotel Sapna Inn, Larkana on September 24, 2010 as part of Baseline Survey of Fruits and Vegetable Market of Larkana (Sindh Province). Senior Project Manager and Project Manager of Consumer Rights Commission of Pakistan (CRCP) conducted the FGD. The participants included commission agents, wholesalers, retailers and farmers. A total of 11 stakeholders participated in the FGD representing range of key stake holders of supply chain.

Objective

The objective of FGD was to hold a dialogue among various stakeholders to understand the working of current agricultural marketing system, role of Market committee, market operations, and existing state of infrastructure and efficiency of supply chain management.

Main Findings of Discussion

Main findings of the discussion are given below:

1. Infrastructure:

Fruits and vegetable market Larkana was located at the heart of the city at Jalous Road. Due to its location, transportation was reported as the biggest hassle for suppliers and buyers alike. Traffic congestion was reported as a daily routine causing “stuck up” for incoming supplies and at times forcing them to miss the auction time.

It was reported that Mandi had around 80 active commission agents operating in the market. Participants informed that market infrastructure was in a bad shape. Roads did not have metal surface and caused havoc in rainy season. It was reported that mud and water took many days to dry which caused inconvenience to all stakeholders. Repeated earth filling of roads had raised the level of road from the ground whereas many shop floors were at same ground level. This caused incursion of rain water into many shops during the rainy season.

It was highlighted that Mandi was built over two decades ago and now efforts were underway to shift it to the city outskirts. It was pointed out that Mandi did not have sufficient, raised and covered auction area. Hence, auction took place in front of open areas of respective commission agent shops or available common area.

There was no branch of any commercial bank in the Mandi area. It was also reported that a proper mosque had not been built. A philanthropist commission agent had offered its roof top for mosque. Public toilets were reported in bad shape. It was also highlighted that cleaning arrangements were improper and Mandi looked a shabby and stinky place for most of time.

2. Fruits and Vegetable Supplies

Bulk of vegetables was supplied by local farmers according to seasonal availability. However, off season vegetables were supplied by other regional markets like Sukkur, Quetta, Multan and Bahawalpur etc. Local fruits are supplied by the framers and traders whereas bulk of fruits is supplied by other markets known for regional fruits. These markets include Quetta, Multan, Bahawalpur, and Peshawar etc.

It was pointed out that proper records of incoming supplies were not maintained either by the Market Committee staff or Anjuman of Mandi. The commission agents, contractors and traders relied upon informal market information gathered directly or indirectly by them.

3. Marketing

It was told by the participants that auction was held twice a day i.e., early morning (say 4 am onwards) and evening time (say 4pm onwards). It was reported that bulk of local produce was supplied by the contractors who procured these from farmers against their mutual agreement of credit and procurement. Small part of local supplies was supplied by the farmers as well. Regional vegetables and fruits were mainly supplied by the contractors and traders of respective markets and regions.

It was reported that local vegetables were traded against cash whereas supplies from traders and other market suppliers were dealt on credit basis. Credit terms varied according to mutual arrangements. Commission agents charged commission ranging from 6% to 9% on goods sold through them. Commission agents claimed having invested huge amount as advance payment and credit to the farmers, contractors and traders to ensure regular supplies. It was highlighted that credit and advance payments played a crucial role in attracting regular supplies.

Farmers reported that they were dependent on contractors' advance payments to grow their produce and, hence, bound to sell through them. Farmers highlighted their plight that they did not get fair price as traditional market mechanism was heavily influenced by the commission agents and contractors. It was also highlighted by the farmers that few contractors dealt in seeds, fertilizer and pesticides as well and forced the farmers to purchase these inputs against advance payments. Unfortunately, these inputs were reported as of inferior quality but farmers had no choice except to use them. Farmers reportedly experienced adulteration and inferior quality even from the inputs procured directly from the market. One farmer estimated that up to 50% of fertilizer available in open market had some adulteration.

Farmers complained of excessive and frequently changing freight charges. Farmers complained about being on receiving end as contractors unilaterally charged them the ever rising and fluctuating freight charges. Farmers felt being taken for ride by the contractors and commission agents alike.

A contractor expressed severe reservations about the manipulative way of business by the commission agents. He felt that most of commission agents collaborated and misguided the contractors by disseminating the untrue auction price information to local and regional contractors on telephone. He felt that unnecessary labor charges and other discounts were added by the commission agents while making the final accounts to the disadvantage of contractors and farmers. He felt that their business was dependent upon mutual trust which was too often breached by the commission agents for their business advantage.

Retailers got their supplies either directly from auction or wholesaler. The usual marketing margins varied from 10% to 15%. Due to perishable nature of the product, margins were reported higher in the forenoon and gradually decreased in the afternoon for quick disposal of whole stock. Retailers complained that, at times, they had to bear the loss of unsold stock as well.

4. Regulatory and Operating System

It was reported by the commission agents that market committee was responsible for issuing market license, control prices and oversee problems of market operations. It was reported that market committee compiles daily price list but does not enforce the prices in the retail market.

Other participants however expressed their ignorance about the existence of market committee and its role. No participant had any idea that market committee had representation from the whole value chain. Also, none of the participants was aware under what regulations the agricultural marketing system was operating. They vaguely attributed it to the provincial government.

5. Revenue and Budgets

Staff of market committee collected entry fee on all incoming supplies of fruits and vegetables. Market fee was reportedly collected on vehicle and not on the basis of weight. It was informed that varied rates were specified on trucks, mazda and suzuki and donkey cart. Entry fee collected was charged back to the farmers or contractors by the commission agents.

It was reported by the participants that no investment had been made in recent past on improvement of Mandi infrastructure. Roads were not carpeted, open area was *kachaa* (baron land), proper mosque was not built and public utilities like toilets and eatery kiosks were reported in shambles.

6. Price Monitoring and Control

Participants reported that market committee was responsible for price monitoring and control. However, it was highlighted that efforts to monitor and control the prices at retail level by the market committee were not visible.

A retailer pointed out that price list was distributed daily but they sell as per their buying price and selling strategy.

7. SPS and Quality Management

It was observed that no participant was aware of SPS standards and did not feel the need of such standards. It was pointed out that no grading, labeling and packaging was done at market level. Wholesalers and retailers carried their own grading from the bulk buying for ease of selling and pricing for different grades.

It was reported that no arrangements of healthcare existed at market level. It was reported that at times workers had to work in filthy conditions, particularly in rainy seasons. Workers were mostly engaged on daily wages and, hence, not covered for Social Security and old age benefits.

8. Issues and Challenges

It emerged from the deliberations that present Mandi system was overly biased towards commission agents. Farmers and contractors were dependent upon them and complained about unfair business practices. It was also highlighted that farmers could not play any significant role in current marketing system due to their practice of advances/borrowing for agricultural inputs and their running expenses. Hence, credit and advance payment was a major determinant of business dynamics.

Infrastructure was reported inefficient and obsolete. No significant investment was reported either by market committee or city government. Traffic congestion made the things worst for all stakeholders.

Market committee's administrative role was told as entry fee collection, ceremonial role of issuing business license and price control. However, collection of market fee was the only function which was reported in practice.

6.4 Lessons Learnt Report

Lessons Learnt During Baseline Survey of Mandis

This brief note informs about the challenges faced and lessons learnt during the baselines assessment of Mandis in Sindh and Punjab.

Baseline Survey of four major fruits and vegetable markets was initiated by Firms Project to supplement the ongoing work to propose an alternate agricultural marketing framework. Multan and Bahawalpur were selected from Punjab province whereas Sukkur and Larkana were chosen from Sindh province. Consumer Rights Commission of Pakistan (CRCP) having Mr. Khalid Mehmood as principal researcher along with Ms. Rizwana Shabbir and Mr. Adnan Dastgeer conducted the baselines assessment. The assessment methodology included Focus Group Discussions (FGDs), key informant interviews, a perception survey and spot check/physical verification exercise.

During interviews, FGDs and field visits following problems were faced and lessons learnt by the enumerators and program management team:

- **Reluctance to Share Financial Information:** Respondents were reluctant to provide information because they have never seen any improvement or feed back after these kinds of surveys. Most of them were fearful that information may be used by tax authorities or it might be a cover operation by tax administration to extract information.
- **Language Barrier:** There were many languages and dialects of different language which were in practice during Mandi business. CRCP hired local enumerators which helped gathered required information and related details in a better way. Local staff of market committee was also very helpful in bridging the language barrier.
- **Availability of Respondents as Key Informants:** At times it was difficult to take the prior appointment for interview. Many times the interviewees selected as key informants were not available even on the scheduled time.
- **Open-ended Questions:** Respondents had difficulty due to their limited exposure to give answers to the open ended questions. It is suggested that keeping in view profiles of respondents we should not have open ended questions on our questionnaires.
- **Sample for Perception Survey:** In our sample size for baseline, we should have included at least two respondents from market committee for a balanced view. However, this aspect was covered through key informants' interviews.
- **Sequencing of Questions in Questionnaires:** Lack of coordination was observed in different question and it consumed lot of time of enumerators to develop and explain the sequence.

- **Availability of Respondents and Pick Business Time:** The rush hour in mandis was another problem faced by the team because that was the time of availability of all the respondents but parallel to it that was their business time so some of them refused to give time. Similarly, working hours of mandi posed a problem while conducting interviews with key informants as they were only available during these hours which were busiest time for them. Hence, it was quite delicate to get hold of such informants and extract required information.
- **Ramadan Timings:** Due to Ramadan, working hours of mandi were shorter as compared to normal working hours.
- **Misperception of Respondents regarding Interview:** Wrong promises made by some previous interviewers and researchers collecting information from mandis created problem for enumerators. Due to their misperception few respondents refused to give interview. The enumerators had to work hard to convince the respondents.
- **Contact Information of Respondents:** Some of the respondents were reluctant to give their mobile numbers.
- **Collection of Detailed Information:** Probing technique was used in most of the interviews as respondents were found reluctant to provide information in detail.
- **Security Situation:** In Sindh, security condition was very poor and Senior Project Manager and Project Manager had to engage a security guard with them during key informant interviews and field visits of mandi.

